City and County of San Francisco
Meeting Minutes
Finance Committee

Members: Supervisors Mark Leno, Aaron Peskin and Sophie Maxwell

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA
94102-4689

Clerk: Gail Johnson

Wednesday, January 09, 2002 | **10:00 AM** | **City Hall, Room 263**

Regular Meeting

Members Present: Mark Leno, Aaron Peskin, Sophie Maxwell.

MEETING CONVENED

The meeting convened at 10:10 a.m.

011939 **[Japan Center Garage Public Parking Lease between CCSF and San Francisco Japan Center Garage Corporation]**

Resolution approving the Japan Center Garage Public Parking Lease by and between the City and County of San Francisco and the City of San Francisco Japan Center Garage Corporation. (Parking and Traffic Department)

10/31/01, RECEIVED AND ASSIGNED to Finance Committee.

12/12/01, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ronald Szeto, Acting Director, Parking Authority, Department of Parking and Traffic; Jeff Mori, President, Japan Center Parking Corporation; Rob Eshelman, Legislative Assistant to Supervisor Gonzalez; Judi Nihei, Acting Executive Director, Japantown Task Force, Inc.

Heard in Committee. Speakers: Ronald Szeto, Acting Director, Parking Authority, Department of Parking and Traffic; Rob Eshelman, Legislative Assistant to Supervisor Gonzalez; Jeff Mori, President, Japan Center Parking Corporation; Caryl Ito, Vice President, Japantown Task Force, Inc.; Steve Nakajo, Vice President, Japan Center Garage; Judi Nihei, Acting Executive Director, Japantown Task Force, Inc.; Chris Durazo, Japantown Task Force, Inc.; Gary Kitahata; Paul Osaki, Japanese Cultural and Community Center; Sandy Mori.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

012188 **[Grant - Department of Parking and Traffic]**

Supervisor Leno

Resolution authorizing the Executive Director of the Department of Parking and Traffic (DPT) to retroactively apply for, accept, and expend funds from a cooperative agreement with the Federal Highway Administration (FHWA) for a pedestrian safety engineering study (with federal funding of $155,735) and to execute any necessary documents.

12/10/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Frank Markowitz, Pedestrian Program Manager, Department of Parking and Traffic.

RECOMMENDED.. by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

012221 **[Approval of Lease with the United States Department of Agriculture at West Field Cargo Building 1]**

Resolution approving and authorizing the execution of a Lease with the United States Department of Agriculture for space in West Field Cargo Building 1. (Airport Commission)

12/12/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cathy Widener, San Francisco Airport; John Kennedy, Deputy City Attorney.

RECOMMENDED.. by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

012281 **[Airport Concession Lease]**

Resolution approving a lease and operating agreement for operating the Self Service Luggage Cart Program, Between Smarte Carte, Inc., and the City and County of San Francisco, Acting by and through its Airport Commission. (Airport Commission)

(Fiscal impact.)

12/19/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Deputy Director, San Francisco Airport; Lou Cesario, Director of Operations and Development, Smarte Carte, Inc.; John Kennedy, Deputy City Attorney; Daniel Lynch, Business Representative, Teamsters Local 665.
Continued to 1/23/02.

CONTINUED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

012232 **[California Energy Commission Grant]**

Resolution authorizing the General Manager of the San Francisco Public Utilities Commission to accept and expend a grant from the California Energy Commission in the amount of $265,000 to support lighting and HVAC retrofits at City facilities and waiving inclusion of indirect costs in the grant budget. (Public Utilities Commission)

12/13/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Fred Weiner, Director of Planning and Development, Hetch Hetchy Water and Power, Public Utilities Commission.

RECOMMENDED.. by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

012264 [Agreement to Purchase Lots 25 & 26 in Assessor Block 6188]

Supervisor Peskin

Resolution approving and authorizing an agreement for the purchase of real property located on Alberta Street in Visitacion Valley, to retain as public open space for a purchase price of $240,000; adopting findings that the conveyance is exempt from Environmental Review and is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of this resolution. (Real Estate Department)

(Fiscal impact.)

12/19/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc McDonald, Director of Property, Real Estate Division, Department of Administrative Services; Fran Martin, Visitacion Valley Greenway; Franco Mancini, Friends of McLaren Park; Anne Seeman, Visitacion Valley Greenway; Deanna Mitchell, Visitacion Valley Planning Alliance.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Maxwell

ADJOURNMENT

The meeting adjourned at 12:51 p.m.

).25

/02
(to reused)

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

January 3, 2002

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: January 9, 2002 Finance Committee Meeting

Item 1 - File 01-1939

Note: This item was continued by the Finance Committee at its meeting of December 12, 2001.

Department: Department of Parking and Traffic (DPT)

Item: Resolution approving the Japan Center Garage Public Parking Lease by and between the City and County of San Francisco (through the DPT) as lessor and the City of San Francisco Japan Center Garage Corporation as lessee. This resolution would authorize the DPT to enter into a 15-year lease, with one 15-year option, without the use of competitive bidding, with the existing lessee, the Japan Center Garage Corporation, a non-profit corporation, as lessee, to manage the City-owned Japan Center Garage parking facilities located at 1610 Geary Boulevard.

Location: 1610 Geary Boulevard between Fillmore and Laguna

Purpose of Lease: Management of Japan Center Parking Garage Facilities

Lessor: City and County of San Francisco

Lessee: City of San Francisco Japan Center Garage Corporation (JCGC), a nonprofit corporation

No. of Sq. Ft.: The Japan Center Parking Garage facilities (Garage) contains 352,100 square feet and accommodates 920 vehicles.

Annual Rent and Net Parking Revenues Payable By JCGC to the City's Off-Street Parking Fund: \$1.00 over the fifteen-year term of the lease; plus, 75 percent of net revenues, consisting of estimated gross revenues of \$2,830,000 less Parking Taxes at 20 percent or \$566,000 of gross revenues[1], less operating expenses of an estimated \$1,325,000, resulting in estimated net revenues to the City of \$704,250 annually based on existing parking rates.

Utilities and Janitorial Services Payable by Lessee from Parking Revenues: All costs for utilities and janitorial services would be approved annually by the Controller and the DPT as part of their approval of all operating costs under the existing and proposed lease and are the responsibility of the Lessee.

Term of Lease: The lease term is fifteen years, commencing on December 1, 2001 or upon approval of the Board of Supervisors and expiring on December 1, 2016. The City can terminate the lease without cause at any time, upon 90 days notice.

Right of Renewal: One option to extend the lease for an additional fifteen years.

Description: The proposed resolution would authorize the Department of Parking and Traffic to enter into a lease, without using a competitive bid process, with JCGC, a nonprofit corporation, to manage the Japan Center Garage facilities located at 1660 Geary Boulevard. According to Section 17.11 of the Administrative Code, the Parking and Traffic Commission can lease a parking facility, without a competitive process, to a nonprofit corporation for the

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[1] Parking Taxes are 25 percent of Parking Fees and are included in posted rates, so when calculating Parking Taxes from Gross Revenues they equal 20 percent of Gross Revenues.

purpose of facilitating the financing of a parking facility, as authorized and approved by the Board of Supervisors.

The Garage is comprised of two parking structures that accommodate a total of 920 vehicles. According to Mr. Ronald Szeto of the Department of Parking and Traffic, the Garage is owned by the City and currently leased by the City to the JCGC.

In 1999, the Board of Supervisors approved: (a) the dissolution of the City of the San Francisco Western Addition Parking Corporation (WAPC), a non-profit corporation, which was the prior Garage lessee; (b) the transfer of the remaining assets and liabilities of WAPC to JCGC, a non-profit corporation; (c) a five year lease commencing on December 1, 1999 and expiring on November 30, 2004, with the JCGC as lessee for the Japan Center Garage (see Comment No. 1); and (d) acceptance of a gift to the City of $550,000 from WAPC for the renovation of the Peace Plaza at the Japanese Cultural Trade Center. According to Mr. Szeto, the use of a non-profit corporation facilitates lease revenue financing at minimal risk to the City.

Under the current lease with JCGC, which has been in effect since December 1, 1999, the Japan Center Garage Corporation allocates 85 percent of the Garage's net revenues, to the City's Off-Street Parking Fund. Under the proposed new lease, 75 percent, instead of 85 percent of net revenues, would be allocated to the Off-Street Parking Fund. According to Mr. Szeto, this percentage reduction would result in reduced parking revenues of an estimated $103,250 annually to be allocated to the Off-Street Parking Fund. Mr. Szeto states that the net revenue for FY 2000-2001 for the City will be approximately $807,500 at the 85 percent rate while under the proposed lease, the anticipated net revenue of allocating 75 percent of the Garage's net income to the Off-Street Parking Fund will be approximately $704,250 annually, or $103,250 less, as shown in Attachment I provided by the DPT.

Under the existing lease, 15 percent of net revenues are transferred to a capital account for the Garage. Under

the proposed lease, the Japan Center Parking Corporation will transfer 25 percent of net revenues to this capital account to be used for Garage capital improvements. This percentage allocation for capital improvements would be derived from the corresponding reduced allocation to the Off-Street Parking Fund. According to Mr. Szeto, the increased contribution to the capital account, from 15 percent of net revenues to 25 percent of net revenues, has been proposed because under the current lease, the Japan Center Garage has been insufficiently funded for capital projects. Mr. Szeto further reports that at the time of the dissolution of WAPC and formation of JCGC, WAPC transferred $589,335 to JCGC for the capital account. In Attachment III, provided by DPT, Mr. Szeto provides further details on the need for increased capital funds of JCGC. Under the existing lease, the capital fund account can have an accumulated balance of up to a maximum of $1 million. Under the proposed lease, the capital fund account can have an accumulated balance of up to a maximum of $2 million. If the capital fund at any time exceeds the current maximum of $1 million or the proposed maximum of $2 million, such excess funds must be transferred to the City's Off-Street Parking Fund. The balance of the capital fund account is currently $296,322, according to Mr. Szeto.

Mr. Szeto reports that under the current and proposed lease terms, JCGC must obtain Parking and Traffic Commission authorization before expending any funds from the capital account. Under the terms of the proposed lease, the Controller and the Parking and Traffic Commission will continue to have review and approval authority for the annual budget of the Garage, including expenditures from the capital account.

According to Mr. Szeto, the Japan Center Garage Corporation would continue to contract for management of the Garage with a parking operator to be selected under a Bid/Request for Proposals (RFP) process in accordance with the lease agreement. Presently, the garage operator is Ampco System Parking. JCGC must employ a professional parking operator with a staff experienced in the management and operation of public parking facilities. The selection of the parking operator is

subject to approval by both the Parking and Traffic Commission and the Board of Supervisors in accordance with Section 17.11 of the Administrative Code. The current agreement with Ampco System Parking, which was not previously approved by the Board of Supervisors, is now on a month-to-month basis. Mr. Szeto reports that the JCGC is currently conducting a competitive bid/RFP process for a new parking operator agreement which will be subject to Board of Supervisors approval.

Mr. Szeto further reports that under the terms of the lease, Japan Center Garage Corporation would provide the Japantown Task Force, a non-profit corporation, with $50,000 annually for five years, from January 1, 2002 through December 31, 2007, from garage parking revenues to be expended for marketing for Japantown and also to create a long-term conceptual plan for community businesses. Attachment II, provided by DPT, describes how the Japantown Planning, Preservation and Development Task Force was established and provides a list of the 49 former members of the Japantown Planning, Preservation and Development Task Force. Mr. Szeto advises that the Japantown Planning, Preservation and Development Task Force dissolved upon the establishment of the Japantown Task Force, whose 15 members are also listed in Attachment II.

Comments:

1. Mr. Szeto reports that, previously, the Board of Supervisors requested that DPT monitor and evaluate the JCGC during the current lease period and make recommendations to terminate or extend the use of the not-for-profit parking corporation for the Garage. Mr. Szeto further reports that DPT has found JCGC to be successful in its management of the Garage. According to Mr. Szeto, for this reason the DPT has now proposed a new lease of 15 years with JCGC even though the existing lease with JCGC does not expire until November 30, 2004.

2. As stated above, the proposed lease term is fifteen years, retroactive from December 1, 2001 to November 1, 2016, with one option to extend the lease for an additional fifteen years. As previously noted, the DPT already has an existing lease with the Japan Center Garage

Corporation and therefore there is no need to begin the proposed lease on December 1, which would require retroactivity.

Recommendations:

1. Amend the proposed lease to commence February 1, 2002, instead of December 1, 2001, as discussed in Comment No. 2 above.

2. Approval of the proposed resolution, as amended, is a policy decision for the Board of Supervisors.

Attachment I

JAPAN CENTER GARAGES

Calendar Year	1999 JAN. thru NOV. WAPC	1999 DEC. JCGC	2000 Actual	2001 Actual / Anticipated	2002 Projected
Gross Revenue	$ 2,134,897	$ 195,441	$ 2,357,218	$ 2,750,000	$ 2,830,000
Parking Taxes	418,270	38,773	460,407	550,000	566,000
Operating Expenses	1,008,618	91,196	1,082,598	1,250,000	1,325,000
Net Revenue	708,009	65,472	814,213	950,000	939,000
Corporation's Capital Fund	708,009	*599,157	**122,132	**142,500	***234,750
Capital Funds Expended	****662,697	0	255,038	370,852	418,500
City's Percentage	0	55,651	692,081	807,500	704,250
DPT (Gross Receipts Tax)	*****(429,157)	0	0	0	0
Net City Income	(429,157)	55,651	692,081	807,500	704,250

Japan Center Garage Corporation "JCGC" established December 1, 1999

* Corporation's Beginning Balance transfer from WAPC assests ($589,336) and 15% of Dec. Revenue ($9,821)

** Corporation's Percentage @ 15% of Net Revenues

*** Corporation's Percentage @ 25% of Net Revenues

**** Includes $550,000 transfer to DPW for Plaza Renovation Project

***** 11 Months Through November 1999

H:\Items\[BofS Revenues 1999-2002 A.xls]Sheet1

City and County of San Francisco

SAN FRANCISCO DPT
DEPARTMENT OF PARKING & TRAFFIC

WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMDUN, EXECUTIVE DIRECTOR

RONALD SZETO, ACTING DIRECTOR, PARKING AUTHORITY

MEMORANDUM

DATE: December 5, 2001

TO: Sarah Graham
Analyst
Budget Analyst's Office

FROM: Ronald Szeto RS
Acting Director
Parking Authority

RE: Japan Center Garage Corporation Lease

The purpose of this memorandum is to provide a written response to the questions that you verbally asked to me on December 5, 2001.

Question: How were the Japantown Planning, Preservation and Development Task Force members appointed or selected?
Community members whom attended town-hall meetings formed the initial members of the Japantown Planning, Preservation and Development Task Force. These initial members (approximately 20) were not appointed by any public official. These initial members subsequently elected officers and form an executive committee to review other nominated members. The executive committee made recommendation to the full Task Force which than voted on the recommendations.

Question 2: Who are the members of the Japantown Planning, Preservation and Development Task Force?
Attached is a list of the current members.

H:\PARKING\Garages\Japan Center\Budget Analyst Question 12-05-01.doc

JAPANTOWN PLANNING, PRESERVATION AND DEVELOPMENT TASK FORCE

Sandy Mori, Chair
Neal Taniguchi, Treasurer
Mark Moriguchi, Secretary
Hats Aizawa
Douglas Dawkins
Steven Doi
Rev. Tim Dupre
Chris Durazo
Seiko Fujimoto
Colin Gomez
Geri Handa
Rod Hemmi
Daryl Higashi
Chris Hirano
Yo Hironaka
David Ishida
Sara Ishikawa
Caryl Ito
Richard Jue
Karen Kai
Rev. Masato Kawahatsu
Gary Kitahata
Sox Kitashima
Travis Kiyota
Dr. Kyo D. Lee
Osamu Machida
Greg Marutani
Tak Matsuba
Jeff Mori
Carol Murata
Kaz Naganuma
Steve Nakajo
Kathy Nelsen
Rumi Okabe
Allen Okamoto
Tak Onishi
Jerry Ono
Jon Osaki
Paul Osaki
Min Paek
Chris Schultz
Sam Seiki
Kenji Taguma
Erika Tamura
Will Tsukamoto
Richard Wada
Pamela Wu
J.K. Yamamoto
George Yamasaki, Jr.

JAPANTOWN Task Force, Inc
1765 Sutter Street, Suite 1, San Francisco, California 94115

Board List

December 5, 2001

Sheila Chung
Doug Dawkins
Seiko Fujimoto
Colin Gomez
David Ishida
Caryl Ito, Vice President*
Tak Matsuba
Jeff Mori, President*
Mark Moriguchi, Secretary/Treasurer*
Benh Nakajo
Jon Osaki
Bob Otsuka
Pat Shiono
Rosalyn Tonai
Mariko Watanabe

* Indicates officers

Phone: (415) 346-1239 Fax: (415) 346-6703 Email: jtowntaskforce@juno.com 1

City and County of San Francisco

SAN FRANCISCO
DPT
DEPARTMENT OF PARKING & TRAFFIC

WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMDUN, EXECUTIVE DIRECTOR

RONALD SZETO, ACTING DIRECTOR, PARKING AUTHORITY

MEMORANDUM

DATE: November 30, 2001

TO: Sarah Graham
Analyst
Budget Analyst's Office

FROM: Ronald Szeto RS
Acting Director
Parking Authority

RE: Japan Center Garage Corporation Lease

The purpose of this memorandum is to provide written response to the questions that you verbally asked to me on November 29, 2001.

Questions: Explain why the Corporation need to increase the Capital Account from 15% to 25% and the maximum balance from $1,000,000 to $2,000,000?, Why is the 15% insufficient?, and What are the future capital improvements?

Pursuant to the existing Lease, the Corporation received and deposited $589,336 on December 1, 1999 transferred from the Western Addition parking Corporation. Since December 1, 1999, the Corporation retained and deposited 15% of net income into the Capital Account to fund capital expenditures.

In almost two years, 2000 and 2001, the Corporation will expend approximately $467,339 ($625,890 minus $158,551 for debt repayment to the City) for capital improvement while depositing only $265,000 in the capital account. Fortunately, the Corporation received $586,336 transferred from the Western Addition Parking Corporation as mentioned above. The balance as of October 31, 2001 was $296,322.

Under the 15% scenario, the Corporation does not have the appropriate funding for all of the necessary capital improvements. If this situation persists, then the Corporation will need to defer capital works for the ventilation system and the waterproofing or borrow fund for said improvements. Deferred waterproofing could lead to expensive structural repairs.

By authorizing the Corporation to retain and deposit 25% of net revenues, the Corporation will be in position to address the capital works for the ventilation system and the waterproofing in the next several years. Meanwhile, the Corporation will continue with parking equipment upgrades, lighting improvement, and to safety enhancements. After the ventilation improvement and waterproofing, the Corporation would begin to accumulate funds, up to $2,000,000, for future needs.

In the event that the Corporation were required to address improvements costing over $1,000,000 (e.g., structural improvements from an earthquake or adding additional access), the Corporation would have more funds available than under the existing lease arrangement.

Attached are the projected sources and uses of funds for both lease arrangements.

JAPAN CENTER GARAGES
ELEVEN YEAR SOURCE AND APPLICATION OF FUNDS
YEAR ENDING DECEMBER 31

SOURCE OF FUNDS		2000	2001	*2002	**2003	2004	**2005	2006	2007	2008	2009	2010	TOTAL
Projected Annual Surplus		814,213	950,000	939,000	967,170	996,185	956,071	1,056,853	1,088,558	1,121,215	1,154,852	1,189,497	11,233,614
City Disbursement @ 85%		692,081	807,500	798,150	822,095	846,757	812,660	898,325	925,275	953,033	981,624	1,011,073	9,548,572
Corporation Disbursement @ 15%		122,132	142,500	140,850	145,078	149,428	143,411	158,528	163,284	168,182	173,228	178,425	1,685,042
Beginning Surplus • Year End Surplus		599,157	480,465	252,113	24,463	105,679	175,538	45,757	63,597	24,008	42,933	62,427	1,876,135
CORPORATION'S TOTAL FUND YEAR END		721,289	622,965	392,963	169,539	255,106	318,949	204,285	226,881	192,190	216,161	240,851	3,561,177
APPLICATION OF FUNDS													
Equipment/Circulation Improvement	*Current project est. + expenditures to date*												*Includes 3%/yr Increase from 2002 project cost*
Lower Level/Annex Improvement	94,750	2,250	92,500										94,750
Upper Level Main Garage recoat	250,000						273,192						273,192
Emergency Generator	125,000			125,000									125,000
Electrical Engineering Fee	25,000			25,000									26,000
Cashier Queue Area Expansion	123,785		12,785	61,000	51,500								125,285
2 Automatic Pay Stations	100,000			100,000									100,000
Parking Equipment Replace/Upgrades	349,726		149,726			79,568		84,413				63,338	377,045
Japanese Landscape and Design	25,304	25,304											25,304
Post Street Exit Modification	94,933	54,719	40,214										94,933
Floor Cleaning Machines	108,972		66,972									50,671	117,643
Garage Painting	175,000								202,873				202,873
Signage	57,991		7,991	50,000									57,991
Graphics	50,000							56,275					56,275
Exhaust Fan Renovation	250,000									149,257	153,734		302,991
Fire Door Replacement	12,000				12,360								12,360
Electric Vehicle Charging Station (3)	45,000											57,005	57,005
Repayment of City Debt and Interest	158,551	158,551											158,551
Contingency	8,164		664	7,500									8,164
Others													
Others													
Others													
TOTAL CAPITAL EXPENSES	2,052,178	240,824	370,852	368,500	63,860	79,568	273,192	140,688	202,873	149,257	153,734	171,014	2,214,362
CAPITAL FUND YEAR END SURPLUS		480,465	252,113	24,463	105,679	175,538	45,757	63,597	24,008	42,933	62,427	69,837	1,348,815

*Proposed Commencement of Japan Center Garage Corporation Lease

** Revenues are projected with a 3% increase per year from 2002 with a reduction of $70,000 for 2005 due to loss in revenue from waterproof recoat construction.

Prepard by Steven Lee, DPT & Richard Hashimoto, JCGC
November 30, 2001

JAPAN CENTER GARAGES
ELEVEN YEAR SOURCE AND APPLICATION OF FUNDS
YEAR ENDING DECEMBER 31

		2000	2001	*2002	**2003	2004	2005	2006	2007	2008	2009	2010	TOTAL
SOURCE OF FUNDS													
Projected Annual Surplus		814,213	950,000	939,000	902,170	996,185	1,026,071	1,056,853	1,088,558	1,121,215	1,154,852	1,189,497	11,238,614
City Disbursement @ 75%		692,081	807,500	704,250	678,628	747,139	769,553	792,640	816,419	840,911	866,139	892,123	8,605,381
Corporation Disbursement @ 25%		122,132	142,500	234,750	225,543	249,046	256,518	264,213	272,140	280,304	288,713	297,374	2,833,232
Beginning Surplus + Year End Surplus		599,157	480,465	252,113	68,363	24,046	21,128	45,440	112,690	107,763	334,335	623,048	2,668,547
CORPORATION'S TOTAL FUND YEAR END		721,289	622,965	486,863	293,906	273,092	277,645	309,654	384,829	388,067	623,048	920,422	5,301,780
APPLICATION OF FUNDS													
Equipment/Circulation Improvement	*Current project est. + expenditures to date*												*Includes 3%/yr increase from 2002 project cost*
Lower Level/Annex Improvement	94,750	2,250	92,500										94,750
Upper Level Main Garage recoat	250,000			**50,000**	**208,000**								258,000
Emergency Generator	125,000			125,000									125,000
Electrical Engineering Fee	25,000			25,000									25,000
Cashier Queue Area Expansion	123,785		12,785	61,000	51,500								125,285
2 Automatic Pay Stations	100,000			100,000									100,000
Parking Equipment Replace/Upgrades	349,728		149,726			**159,135**		**56,275**					365,138
Japanese Landscape and Design	25,304	25,304											25,304
Post Street Exit Modification	94,933	54,719	40,214										94,933
Floor Cleaning Machines	106,972		66,972									50,671	117,643
Garage Painting	175,000					**92,829**	**95,614**						188,443
Signage	57,991		7,991	50,000									57,991
Graphics	50,000						**54,838**						54,838
Exhaust Fan Renovation	250,000							**140,689**	**144,909**				285,598
Fire Door Replacement	12,000				12,360								12,360
Electric Vehicle Charging Station	45,000									**53,732**			53,732
Repayment of City Debt and Interest	158,551	158,551											158,551
Contingency	8,164		664	7,500									8,164
Others													
Lighting Retrofit	75,000						**81,955**						81,955
Carbon Monoxide Detelors	64,000								**74,193**				74,193
Floor Cleaning Machine	40,000											**50,671**	50,671
Parking Equipment Replace/Upgrades	50,000								**57,964**				57,964
TOTAL CAPITAL EXPENSES	2,281,176	240,824	370,852	418,500	269,860	251,964	232,205	196,964	277,066	53,732	-	101,342	2,413,309
CAPITAL FUND YEAR END SURPLUS		480,465	252,113	68,363	24,046	21,128	45,440	112,690	107,763	334,335	623,048	819,080	2,888,471

*Proposed Commencement of Japan Center Garage Corporation Lease with 25% of Net Revenues Beginning 2002.

** Revenues are projected with a 3% increase per year from 2002 with a reduction of $65,000 from year 2003 due to loss in revenue from waterproof recoat construction.

Bold figures represent improvements scheduled sooner due to availability of funds.

Prepared by: Steven Lee, DPT & Richard Hashimoto, JCGC

November 30, 2001

Item 2 – File 01-2188

Department: Department of Parking and Traffic (DPT)

Item: Resolution authorizing the Executive Director of the Department of Parking and Traffic to retroactively apply for, accept, and expend funds from a cooperative agreement with the Federal Highway Administration (FHWA) for a pedestrian safety engineering study and to execute any necessary documents.

Grant Amount: $155,735

Grant Period: January 14, 2002 through September 30, 2002 (eight and one half-months)

Source of Funds: Federal Highway Administration

Required Match: $59,288 or 27.6% of $215,023 total program cost including subject FHWA grant funds of $155,735. ($42,186 from DPT and $17,102 from UC Berkeley, Traffic Safety Center)

Indirect Costs: Indirect costs would be waived in order to maximize use of grant funds on the Pedestrian Safety Engineering Study.

Description: The Federal Highway Administration (FHWA) has offered to enter into a cooperative agreement with DPT for a pedestrian safety engineering study. This study would be the first phase of the Pedestrian Safety Engineering and Intelligent Transportation System-Based Countermeasures Program (Program). The Program is designed to decrease pedestrian injuries and mortality rates by planning and implementing Intelligent Transportation System (ITS) countermeasures in three major U.S. cities. Countermeasures are response measures such as curb extensions, speed humps, roadway lighting, and improvements in visibility. The FHWA is awarding $155,735 to DPT to conduct the proposed Engineering Study as Phase I of the program, with the option of awarding an additional $560,000 for Phase II when Phase I is complete. Phase I of the project would conduct the

Engineering Study to identify the scope of the pedestrian problem and determine appropriate countermeasures. The project funds would require DPT to test software and analytical procedures developed by the FHWA when analyzing pedestrian crashes in the City. Phase II would implement and evaluate the effectiveness of the countermeasures.

Budget:

A summary budget for the total $155,735 in FHWA funds for Phase I of the project are as follows:

Personnel	$18,258
Fringe Benefits	285
Travel	4,680
Supplies	800
Contractual	127,095
Other	4,000
Overhead	617
Total	**$155,735**

Attachment I and II, provided by DPT contains additional budgetary details for the FHWA funds.

Comments:

1. According to Mr. Frank Markowitz of the DPT, the subject grant has not yet been accepted, nor has the proposed agreement with the FHWA been executed.

2. Mr. Markowitz reports that total program cost of $215,023 consists of the following 1) $155,735 in grant funds, or 72.4% of $215,023, 2) $42,186 in DPT matching funds, or 19.6% of $215,023, and 3) $17,102 UC Berkeley matching funds, or 7.9% of $215,023.

3. According to Mr. Markowitz, the $42,186 in City matching funds will be provided by in-kind services from existing DPT engineering and planning staff, funded by the FY 2001-2002 DPT personnel budget as finally approved by the Board of Supervisors. These engineering and planning staff hours would be funded through the City's red light running citation revenues, and are included in the DPT

budget. Mr. Markowitz estimates the total matching costs to be $42,186 based on the following DPT staff:

Position	Hours	Hourly Pay	Hourly Benefits	Overhead Cost[1]	Total Hourly Rate	Total
.08 FTE 5241 Principal Investigator	170	$41.11	$10.12	$21.91	$73.14	$12,434
.15 FTE 5290 Senior Engineer	320	39.73	9.78	21.17	$70.68	22,617
.02 FTE 2822 Senior Engineer	50	31.00	7.63	16.52	$55.15	2,757
.02 FTE 2803 Pub. Health Specialist	50	31.00	7.63	16.52	$55.15	2,757
.01 FTE 5201 Junior Engineer	30	30.38	7.48	16.19	$54.05	1,621
Total						**$42,186**

In addition to the $42,186 in City matching funds, UC Berkeley will be providing $17,102 in matching funds, also in the form of in-kind services from UC Berkeley staff, for a total of $59,288 for the required cooperative agreement matching funds.

4. According to Mr. Markowitz, the subject grant funds would provide for .43 FTE student intern at $19/hour for 900 hours, or $17,100, and .02 FTE clerical support at $23.16/hour for 50 hours, or $1,158, for a total of $18,258 in Personnel Costs.

5. Mr. Markowitz reports that the subject grant would fund $127,095 in contractual services performed by UC Berkeley's Traffic Safety Center from January 2002 through August 2002. The UC Berkeley Traffic Safety Center would provide a total of 2,014.40 consultant hours at an average cost of $63.09 per hour including travel, direct costs and indirect costs. (See Attachment III for budget details of the contracted services). According to Mr. Markowitz, UC Berkeley seeks to participate in the

[1] According to Mr. Markowitz, overhead costs consist of a 1) paid time off rate, 2) division overhead rate, and department overhead rate. and are calculated at 53.286% of hourly wages for regular, salaried employees.

Engineering Study because the Study coincides with the Center's central mission to assist local governments in California with traffic and pedestrian safety. Mr. Markowitz states that the UC Berkeley Traffic Safety Center would 1) prepare reports and create written documents to meet FHWA reporting requirements, and 2) manage pedestrian safety data collection and data analysis. Mr. Markowitz states that the UC Berkeley Traffic Safety Center was selected on a sole-source basis because of their expertise in pedestrian and traffic safety, and because the FHWA grant award was based on a proposal that specifically included the DPT and the UC Berkeley Traffic Safety Center. Attachment IV, provided by Mr. Markowitz, is a memo describing UC Berkeley's selection as the consultant.

6. Mr. Markowitz advises that after Phase I is complete, the cooperative agreement states that the FHWA would have the option of funding $560,000 in construction costs for physical improvements in Phase II, or the plan implementation phase. Mr. Markowitz reports that if the FHWA opts not to fund Phase II, the DPT would seek other funding sources to implement the countermeasures.

7. Attachment V is the Grant Information Form, which includes the Disability Access Checklist. According to Mr. Markowitz, the $617 reported in the Grant Information Form as indirect costs is actually DPT overhead costs, and not indirect costs as indicated.

Recommendation: Approve the proposed resolution.

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds: Federal (c)	Estimated Unobligated Funds: Non-Federal (d)	New or Revised Budget: Federal (e)	New or Revised Budget: Non-Federal (f)	New or Revised Budget: Total (g)
1. Team Assemly	DTFH61-01-X-00018	$	$	$ 28,619.28	$ 27,324.94	$ 55,944.22
2. Final Report	DTFH61-01-X-00018			76,937.28	20,445.86	97,383.14
3. Meeting & Pres.	DTFH61-01-X-00018			20,521.40	5,752.59	26,273.99
4. Professional Journal	DTFH61-01-X-00018			29,657.40	5,764.39	35,421.79
5. Totals		$ 0.00	$ 0.00	$ 155,735.36	$ 59,287.78	$ 216,023.14

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY (1)	(2)	(3)	(4)	Total (5)
a. Personnel	$ 2,015.83	$ 15,234.40	$ 503.95	$ 503.95	$ 18,258.13
b. Fringe Benefits	57.03	114.04	57.03	57.03	285.13
c. Travel	1,170.00	1,170.00	1,170.00	1,170.00	4,680.00
d. Equipment					0.00
e. Supplies	200.00	200.00	200.00	200.00	800.00
f. Contractual	24,053.00	58,972.00	17,467.00	26,603.00	127,095.00
g. Construction					0.00
h. Other	1,000.00	1,000.00	1,000.00	1,000.00	4,000.00
i. Total Direct Charges *(sum of 6a-6h)*	28,495.86	76,690.44	20,397.98	29,533.98	155,118.26
j. Indirect Charges	123.42	246.84	123.42	123.42	617.10
k. TOTALS *(sum of 6i and 6j)*	$ 28,619.28	$ 76,937.28	$ 20,521.40	$ 29,657.40	$ 155,735.36
7. Program Income	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

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NARRATIVE FOR SAN FRANCISCO CITY & COUNTY BUDGET

SECTION B. BUDGET CATEGORIES

Applies only to Federal funds.

6.a. Personnel. Requested Federal funds are primarily to be used to pay for student intern time (for data collection and tabulation). Student interns do not earn benefits and are not loaded with indirect charges (overhead).

6.b. Fringe Benefits. - 24.62% of hourly wages for regular, salaried employees only. (See attached letter and indirect cost plan for explanation.)

6c. Travel. Assumes 3 interstate trips each for 2 people: 6 trips at $700/trip
for air fare, lodging, and meals. Also includes 60 local auto or public transit
person-trips at $8 per trip.

6.e. Supplies. Includes computer and office supplies, such as zip disks, cables, mailing envelopes.

6.f. Contractual. Entirely devoted to UC Berekeley costs. No contract administration overhead included. See separate UC Berkeley budget sheets for details.

6.h. Other. Includes computer software licenses and computer training ($2,000), photocopying ($400 for 4,000 copies at 10 cents per copy), graphic design ($1,200), fax/long distance phone ($300 for 150 transmittals/calls at $2/transmittal), and postage ($100 for 100 mailings at $1/mailing).

6.j. Indirect Charges. 53.286% of hourly wages for regular, salaried employees
only. (See attached letter and indirect cost plan for explanation.)

UC BERKLEY REVISED AND CORRECTED BUDGET FOR FHWA PROPOSAL

	Hourly rate	Months	# OF HOURS FOR TASK 1	Total $ for Task 1	# OF HOURS FOR TASK 2	Total $ for Task 2	# OF HOURS FOR TASK 3	Total $ for Task 3	# OF HOURS FOR TASK 4	Total $ for Task 4	Total $ for Phase 1	TOTAL # OF HOURS PHASE 1
Personnel												
M. Wachs (Faculty Summer)	$94.51 $96.40	ac. yr. ac. yr.	9 8.50	no chg. no chg.	17.5	no chg. no chg.	17.5	no chg. no chg	17.5	no chg. no chg.	no chg.	70.00
D. Ragland (Academic Title)	$51.20 $52.22	cal. yr cal yr.	44 25.80	$2,253 $1,347	174.5	$0 $9,112	34.9	$0 $1,822	69.8	$0 $3,645	$18,179	349.00
J Misener (Staff Title)	$49.37 $50.36	cal. yr cal yr	17 10.80	$839 $544	69.5	$0 $3,500	13.9	$0 $700	27.8	$0 $1,400	$6,983	139.00
P Ossenbruggen (Academic Title)	$50.19 $51.20	cal yr cal. yr.	42 24.40	$2,108 $1,249	169	$0 $8,653	31.7	$0 $1,623	66.4	$0 $3,400	$17,033	333.50
T. Cohn (Faculty Summer)	$63.73 $65.01	ac. yr. ac. yr.	10.40	no chg no chg.	6.6 19.4	no chg. no chg.	5 2	no chg. no chg.	10.4	no chg. no chg.	no chg.	52.00
J Cooper (Staff Title)	$28.11 $29.10	cal yr cal yr	35 20.70	$984 $602	139.5	$0 $4,059	27.9	$0 $812	55 8	$0 $1,624	$8,081	278.90
D. Dahrouge, (Staff Title)	$17.57 $17.92	cal yr cal yr	35 20.80	$615 $373	139.5	$0 $2,500	27.9	$0 $500	55.8	$0 $1,000	$4,988	279.00
Graduate Student Researcher [illegible]	$16.66 $16.99	ac yr ac. yr.	0 39.80	$0 $676	316.5	$0 $5,377	46.9	$0 $797	109.8	$0 $1,866	$8,716	513.00
				$11,590		$33,201		$6,254		$12,935	$63,980	2,014.40
Employee Benefits												
Faculty Summer	Now 12.7%			No charge		No charge		No charge		No charge		
Academic Titles, Calendar Year	17%			$1,183		$3,020		$586		$1,198		
GSR Academic Year	1 3%			$9		$70		$10		$24		
GSR Full Fee Remission	$2,303			$2,303		$0		$2,303		$0		
GSR Health Fees	$247			$247		$0		$247		$0		
Staff	23%			$910		$2,314		$463		$926		
				$4,652		$5,404		$3,609		$2,148	$15,813	
											$79,793	
Travel												
2 Round Trips to Washington DC for 2 people @ $2,000 per person per trip												
								$2,000		$2,000	$4,000	
Direct Costs (supplies)												
Faxes, Long Distance Phone Calls, Photo Copies, etc.												
				$605		$605		$605		$605	$2,420	
				$16,847		$39,210		$12,468		$17,688	$86,213	
Indirect Costs												
50.4% of Modified Total Direct Costs			MTDC $14,297	$7,206	MTDC $39,210	$19,762	MTDC $9,918	$4,999	MTDC $17,688	$8,915	$40,882	
				$24,053		$58,972		$17,467		$26,603	$127,095	

1/2/02

SAN FRANCISCO
DPT
DEPARTMENT OF PARKING & TRAFFIC

Traffic Engineering Division
City and County of San Francisco

WILLIE LEWIS BROWN, JR., MAYOR
FRED M. HAMOUN, EXECUTIVE DIRECTOR

MEMORANDUM

TO: Harvey Rose
Budget Analyst, Board of Supervisors

THROUGH: Bond Yee
Deputy Director and City Traffic Engineer
Dept. of Parking and Traffic

FROM: Frank Markowitz
Pedestrian Program Manager
Dept. of Parking and Traffic

RE: FHWA Pedestrian Safety Engineering Study (Item No. 2, Finance Committee Meeting of Jan. 9, File # 01-2188) – UC Berkeley Sole Source Subcontract Justification

DATE: January 2, 2002

This memo responds to a request from Leanne Nhan of your office for an explanation of why DPT proposes to subcontract with UC Berkeley's Traffic Safety Center on a sole source basis to perform data analysis and report writing for the FHWA-funded pedestrian safety study. As described further below, UC Berkeley offers unique expertise, and FHWA selected the City and County of San Francisco/UC Berkeley team in national competition.

General Background on Grant

DPT has requested the Board of Supervisors to authorize us to accept and expend funds from a cooperative agreement with the FHWA. FHWA awarded this grant in a national competition in order to test "real world" application of federally developed software and procedures to improve pedestrian safety. In Phase 1 (with $156,000 in federal funding), DPT and UC Berkeley's Traffic Safety Center will identify and characterize "hot spot zones" (neighborhoods or areas) that should be highest priority for analysis and countermeasures. Potential countermeasures (such as special signs, automated pedestrian detection, and flashing in-pavement crosswalk lights) will be recommended for specific locations. The plan also will define complementary education and outreach efforts.

FHWA, at its option, may fund Phase 2 implementation of the pedestrian safety plan. FHWA could provide $560,000 for physical improvements.

UC Berkeley's Unique Expertise

No other Bay Area institution or firm offers the expertise of UC Berkeley in pedestrian and traffic safety. UC Berkeley's Traffic Safety Center (UCB-TSC) is a unique institution that brings together transportation engineering and public health experts particularly interested in pedestrian safety, familiar with California traffic safety laws, and knowledgeable about the San Francisco environment.

Principal Investigator Martin Wachs, for example, chaired the Transportation Research Board Executive Committee, one of the most prestigious positions in U.S. transportation research. Project Manager David Ragland is the UCB-TSC director, and has already been working with the San Francisco Public Health Dept. on a study of red light runner characteristics. UC Berkeley is arguably the world's leading research institute on intelligent transportation systems (ITS), a key focus of this study. UCB's Institute for Transportation Studies Technology Transfer program prepared an analysis of pedestrian safety for San Francisco several years ago.

UC Berkeley's Part in Winning Award

FHWA limited the eligible awardees to larger municipalities that own and control the roadway system. However, the award really was made to a San Francisco/ UC Berkeley team, based on an elaborate proposal primarily produced by UC Berkeley. The campus has primary responsibilities for managing data analysis and for writing and editing project reports.

Study Schedule Not Compatible with Competitive Selection

DPT does not have sufficient staff nor the full mix of skills to undertake this study without a specialized data analysis consultant. FHWA was quite concerned about starting the study soon after award. It would not have been possible to hold a competitive selection after award (a process likely taking 4-8 months) without risking loss of the award. Therefore, a sole-source subcontract is the only practical option.

UC Berkeley Hourly Rates Competitive

The hourly rates charged by UC Berkeley are quite competitive with the only reasonable alternative, transportation consulting firms. UCB senior staff will charge a maximum of $92 per hour (salary plus 17% fringe benefits and 50.4% indirect costs). We have recently reviewed proposals from several consulting firms (Wilbur Smith Associates, Nelson\Nygaard Associates, and DKS Associates). Their comparable range is $70 to $160, with most senior engineers at least $95 per hour. We can provide more details if necessary, but we may need to address confidentiality concerns.

Please note the most highly paid UCB researchers are donating their time completely as local match.

If you have any questions, please feel free to call DPT Pedestrian Program Manager Frank Markowitz at 252-4696. Thank you for your consideration.

BMY:FM

File Number: ____________________
(Provided by Clerk of Board of Supervisors)

Grant Information Form
(Effective January 2000)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: **FHWA Pedestrian Safety Engineering Study**

2. Department: Parking and Traffic

3. Contact Person: Frank Markowitz Telephone: 252-4696

4. Grant Approval Status (check one):

[X] Approved by funding agency [] Not yet approved

5. Amount of Grant Funding Approved: $155,735.00

6a. Matching Funds Required: $ 59,288.00 ($42,186 in-kind labor from City; $17,102 from UC Berkeley)
b. Source(s) of matching funds (if applicable): Primarily DPT Livable Streets (red light running fines)

7a. Grant Source Agency: Federal Highway Administration
b. Grant Pass-Through Agency (if applicable): None

8. Proposed Grant Project Summary:

FHWA has offered a cooperative agreement to fund an analysis of pedestrian injury patterns and development of an action plan to improve pedestrian safety in focus areas of San Francisco. The project will test software and analytical procedures developed by FHWA. It will also involve other City/County departments, neighborhood and advocacy groups in developing the pedestrian safety plan. At FHWA's option, the agency may provide Phase 2 funding to implement the plan, paying for such improvements as: in-pavement crosswalk lights, more visible crosswalk markings and signs, corner sidewalk bulb-outs, median pedestrian refuge islands, and passive detection of pedestrians to control traffic signals.

9. Grant Project Schedule, as allowed in approval documents, or as proposed:

	Start-Date:	End-Date:
Phase 1 (Study) :	January 2002	August 2002

Optional Phase 2 (Plan implementation) could take up to an additional 40 months.

10. Number of new positions created and funded: 1-2 part-time interns or junior engineers

11. If new positions are created, explain the disposition of employees once the grant ends?

nterns are hired strictly on a per-hour, as needed basis. Junior engineers facing lay-off at SFO may possibly be used instead.

12a. Amount budgeted for contractual services:

$127,095 to UC Berkeley

b. Will contractual services be put out to bid?
No. UC Berkeley was an integral member of the team. The award was essentially made to DPT and to UC Berkeley.

c. If so, will contract services help to further the goals of the department's MBE/WBE requirements?
N/A

d. Is this likely to be a one-time or ongoing request for contracting out?
One-time

13a. Does the budget include indirect costs? [X] Yes [ ] No

b1. If yes, how much? $617
b2. How was the amount calculated? 53.3% of unloaded hourly rate for fulltime, permanent staff who would be charged to the grant. While FHWA would provide $19,160 for City labor and overhead, virtually all of this would go to fund interns. Interns do not "earn" indirect costs for the City. Professional staff salary/fringe benefits and indirect costs will be provided to fulfill the required local match.

c. If no, why are indirect costs not included?
[ ] Not allowed by granting agency [ ] To maximize use of grant funds on direct services
[ ] Other (please explain):

14. Any other significant grant requirements or comments:

$560,000 in federal funding may be available to implement the plan, at FHWA's option.

Disability Access Checklist*

15. This Grant is intended for activities at (check all that apply):

[X] Existing Site(s)
[ ] Rehabilitated Site(s)
[ ] New Site(s)
[ ] Existing Structure(s)
[ ] Rehabilitated Structure(s)
[ ] New Structure(s)
[X] Existing Program(s) or Service(s)
[ ] New Program(s) or Service(s)

16. The Departmental ADA Coordinator and/or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

Comments: The pedestrian safety plan will take into account ADA requirements and disability community needs.

Departmental or Mayor's Office of Disability Reviewer: ______________
(Name)
Fred M. Hamdun

Date Reviewed: 12/6/01

Department Approval: Fred M. Hamdun, Executive Director, DPT
(Name) (Title)

(Signature)

Item 3 – File 01-2221

Department:	Airport Commission
Item:	Resolution approving and authorizing the execution of a Lease with the United States Department of Agriculture for space in West Field Cargo Building 1.
Purposes of Lease:	The proposed lease provides for the United States Department of Agriculture to occupy office space in the Airport's West Field Cargo Building I, located in the West Field Area of the Airport.
Lessor:	City and County of San Francisco, acting by and through its Airport Commission
Lessee:	United States Department of Agriculture (USDA)
Number of Sq. Ft.:	Approximately 6,600
Amount Payable to Airport:	$130,350 per year based on a Market Value Amount[1] of $19.75 per square foot per year or $1.65 per square foot per month. Ms. Diane Artz of the Airport provides further details on the Market Value Amount in the Attachment, provided by the Airport. The proposed lease also provides for annual increases in the rent based on increases in the Consumer Price Index. In the sixth year of the proposed lease, the annual rental payments to the Airport will be adjusted upward to a new Market Value Amount as determined by a City reappraisal of the Cargo Building, and the subsequent annual increases in the rent will be made based on increases in the Consumer Price Index through the end of the lease.
Term of Lease:	Five years and four months with one five year option to extend, at the discretion of the USDA

[1] Market Value Amount is the rent a third party would be willing to pay to lease the Facility, based on (a) the size, location and age of the Facility, (b) the quality of construction of this new Facility (c) services provided under this proposed lease, and (d) the rental being obtained for new leases of space at the Airport.

Description:

The Airport constructed the new West Field Cargo Building to provide cargo warehouse space. The West Field Cargo Building was constructed at a total cost of $19,000,000, which will be reimbursed to the Airport through the tenants' annual rental payments to the Airport. According to Ms. Artz, the USDA presently rents office space outside of the Airport because there has not been sufficient office space within the Airport to meet the needs of all agencies desiring space. The West Field Cargo Building replaces the former "Airborne Building" that was damaged in the Loma Prieta earthquake and was subsequently demolished in 1989. The new West Field Cargo Building, therefore, is not part of the Airport's Master Plan Program and was primarily funded by Federal Emergency Management Agency (FEMA) monies.

The current tenants of the West Field Cargo Building, China Airlines and Asiana Airlines, took occupancy of their respective portions of the Cargo Building in April and May of 2001, respectively. China Airlines and Asiana Airlines occupy 67,070 square feet, or 100 percent of warehouse space in the West Field Cargo Building and 11,464 square feet, or about 19.9 percent of 57,606 in total leaseable office space in the Cargo Building. Ms. Artz reports that 46,142 square feet of leaseable office space remain available in the Building. The proposed lease with the USDA represents 6,600 square feet of the 46,142 square feet, resulting in 39,542 square feet remaining unrented.

Comments:

1. Ms. Artz reports that under the proposed lease a deposit is waived for the USDA because the Federal Government prohibits the USDA from making deposits for leases.

2. On November 20, 2001, the Airport Commission adopted Resolution No. 01-0353 recommending the award of a lease without undergoing a competitive bidding process, to the proposed lessee, the USDA. Section 2A.173 of the City Administrative Code states "The Airport Commission shall have power to negotiate and execute leases of airport lands and space in airport buildings, without necessity for competitive bidding, to

any person, firm, or corporation engaged in air transportation ... provided, that the original term of any such lease shall not exceed 50 years, nor shall any extension of such lease exceed a period of 50 years."

3. According to Ms. Artz, the lease with the USDA was recommended without soliciting competitive bids because the Airport has the authority to make such awards pursuant to the Administrative Code as cited in Comment No. 2 above, and because the USDA is a Federal Agency that processes wildlife and food cargo shipments that enter the United States on aircraft. Ms. Artz advises that the USDA is an appropriate and compatible tenant for the West Field Cargo Building because the USDA would be in close proximity to the cargo facilities of the airlines.

4. Ms. Artz reports that approximately 39,452 square feet of office space will remain in the West Field Cargo Building after the USDA takes occupancy. Ms. Artz further states that the Airport is currently in discussions with the United States Customs Service to lease approximately 16,600 square feet of office space.

5. In the Attachment, the Airport Commission reports that market value for office space ranges from \$1.50 to \$2.50 per square foot per month. According to Mr. Franzella, the proposed lease is for \$1.65, at the lower end of the range of \$1.50 to \$2.50 per square foot per month because the West Field Cargo Building I has office space in core and shell condition while the range for market value of \$1.50 to \$2.50 per square foot per month is for buildings that are ready for occupancy and provide full service.

6. Mr. Franzella states that a survey of current market value for office space was conducted by Ms. Artz in response to the Budget Analyst. The survey included information from two commercial real estate firms, Coldwell Banker Commercial and BT Commercial Real Estate. In addition, Mr. Franzella reports, the Airport obtained market value information from the Raiser Organization, a major office space holder in the immediate area surrounding the airport.

Recommendation: The Budget Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors because the lease was awarded to the USDA without undergoing a competitive bidding process. As noted above, in accordance with the City Administrative Code, the Airport does have the authority to award such leases without competitive bids.

Attachment

AIRPORT COMMISSION
SAN FRANCISCO INTERNATIONAL AIRPORT
CITY AND COUNTY OF SAN FRANCISCO

INTER-DEPARTMENTAL MEMORANDUM

TO: Harvey Rose **DATE:** December 20, 2001

THROUGH: Bob Rhoades

FROM: Diane Artz

SUBJECT: Market Value – U.S. Department of Agriculture Lease

Background
A recent market survey of office space in the Airport market area indicated soft market conditions. The economic downturn of 2001 and the events of September 11th have catalyzed a dramatic shift downward, as compared to market conditions in late 2000. The commercial brokerage community indicates that rental rates have fallen between 20-40% and that the vacancy rate in the County of San Mateo is hovering at twenty per cent (20%).

The market survey, supported by comments from the commercial real estate brokers, suggest market value of Class A and B office space now range from $1.50-$2.50 per square foot per month ($18.00-$30.00 per square foot per year). These rates apply to buildings that are ready for occupancy and provide full service.

Market Value Determination
WFCB1 offers office space in core and shell condition. New tenants are responsible for designing and constructing all proprietary tenant improvements. The tenants also contract for janitorial service, utilities and other services separately. The cost of such services range from $4.00-$6.00 per square foot

Based on these considerations, in today's market the Airport concluded that the fair market value for office space in West Field Cargo Building falls in the range of $18.00-$20.00 per square foot per year. The U.S. Department of Agriculture Lease provides for a rental rate of $19.75 per square foot per year.

Market Value vs. Capital Costs
This market value exceeds the cost the Airport incurred to construct the building and subsequently manage it. Cumulatively, this cost includes debt service, land value, operating and maintenance costs, and an administrative cost. Regarding your request to break out the cost for the USDA component of the building, such cost data was not developed and is not available.

Item 4 - File 01-2281

Department: Airport Commission

Item: Resolution approving a Lease and Operating Agreement between Smarte Carte, Inc. and the City and County of San Francisco, acting by and through the Airport Commission, for the operation of the Self-Service Luggage Cart Program at the San Francisco International Airport.

Location: San Francisco International Airport and the Airport's Rental Car Facility, located on Airport property at McDonnell Road.

Purpose of Lease and Operating Agreement: Concession space for the purpose of (1) renting self-service luggage carts to passengers, and, (2) operating the free cart services for the "Customs Program", "Rental Car Facility Program" and the "AirTrain[1] Failure Contingency Program" (see Description below for program descriptions).

Lessor: City and County of San Francisco by and through the Airport Commission

Lessee: Smarte Carte, Inc.

Term of Lease and Operating Agreement: Five years, commencing no earlier than February 1, 2002 and no later than April 1, 2002, and terminating after five years from this commencement date in 2007.

Right of Renewal: Five, one-year extensions, beginning in 2007.

Annual Rent Payable by Smarte Carte to the Airport: The annual rent payable to the Airport from Smarte Carte, Inc. for the Self-Service Luggage Cart Rental Program at the Airport will be the greater of either the Minimum Annual Guarantee of $450,000, or 15 percent of gross revenues. The

[1] As part of the Airport's Master Plan Program, the Airport is constructing an on-Airport AirTrain system (the "AirTrain") to transport passengers throughout the Airport, to and from the Rental Car Facility and BART. The AirTrain is scheduled to be operational on August 10, 2002.

Minimum Annual Guarantee will be adjusted annually on the anniversary date of the subject agreement. The adjustment is based on a formula, which compares the percentage increase in "U.S. City Average – Transportation Services" Consumer Price Index (CPI) and the total number of airline passengers on the anniversary date to the "U.S. City Average – Transportation Services" CPI and the total number of airline passengers at the commencement of the subject agreement. The Minimum Annual Guarantee can only increase.

Utilities and Janitorial Services: The Lessee will pay for the costs of all utilities and janitorial services. According to Ms. Patricia Maitland of the Airport, janitorial services are not broken out as a line item in the lessor's budget because their employees perform this function as a part of their regular duties.

Amount Payable by Airport to Smarte Carte, Inc.: The Airport would be responsible for payment to Smarte Carte, Inc. the gross total "not to exceed" amount of $12,886,000 for operating the free cart services in the "Customs Program", "Rental Car Facility Program" and the "AirTrain Failure Contingency Program", over the five-year term of the subject agreement or an average gross amount of $2,577,200 per year (see Comment No. 6). However, Smarte Carte, Inc. must pay the Airport a minimum total rent of $2,250,000 (Minimum Annual Guarantee of $450,000 for five years). Therefore, the <u>net</u> "not to exceed" amount payable to Smarte Carte is $10,636,000 ($12,866,000 less $2,250,000).

Description of Proposed Lease and Operating Agreement: The proposed Luggage Cart Lease and Operating Agreement (Agreement) comprises two major parts: (1) the operation of the Self-Service Luggage Cart Rental Program as a concession; and (2) the provision of luggage carts free of charge under the "Customs Program", the "Rental Car Facility Program", and the "AirTrain Failure Contingency Program" (the "Free Services") as described below.

Self-Service Luggage Cart Rental Program:

Under the proposed Agreement, Smarte Carte, Inc. would (a) provide a fleet of no less than 3,500 luggage carts, equipped with brakes[2] available for rent at $2 per cart or such amount approved by the Airport Director, (b) install, maintain and repair, of such luggage carts, (c) install, maintain and repair of luggage cart vending units, which automatically dispense luggage carts to the public; (d) collect and relocate luggage carts as-needed. Smarte Carte, Inc. will pay the Airport concession rent equal to the greater of the Minimum Annual Guarantee amount of $450,000 or 15 percent of gross revenues (see Comment No. 1).

Free Services:

(1) Customs Program. Smarte Carte, Inc. must provide no less than 2,000 luggage carts in the Customs area of the International Terminal where arriving international passengers are subject to Federal inspection services. The luggage carts will continue to be available without a rental charge in the custom area as they are currently (see Comment No. 2).

(2) Rental Car Facility Program. Smarte Carte, Inc. must provide no less than 500 luggage carts at the Rental Car Facility until AirTrain is operational and open to the public for transport to the Rental Car Facility. The luggage carts will continue to be available without a rental charge in these areas as they are currently (see Comment No. 3).

(3) AirTrain Failure Contingency Plan. Smarte Carte, Inc. must provide no less than 500 luggage carts at the Rental Car Facility upon notification from the Airport that there is or may be an AirTrain failure, and buses must be used to transport passengers from the Airport Terminal to the Rental Car Facility. Smarte Carte, Inc. must provide, luggage carts in the Rental Car Facility free of charge until the AirTrain service resumes or as otherwise directed by Airport Director.

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[2] The terms of the proposed Agreement require Smarte Carte to equip the luggage carts with brakes. Existing self-service luggage carts do not have brakes, according to Ms. Maitland. Ms. Maitland advises that Smarte Carte will either equip their existing fleet of luggage carts with brakes or manufacture new carts with brakes in order to meet the terms of the subject Agreement.

As with the Self-Service Luggage Cart Rental Program, Smarte Carte, Inc. would also be responsible for the (a) installation, maintenance and repair of the luggage carts; (b) installation, maintenance and repair of the vending units; and, (c) collection and relocation of luggage carts as-needed for the free carts.

Attachment I, provided by the Airport, is a list of luggage cart vending machine locations at the Airport. The total fleet of luggage carts that Smarte Carte, Inc. must supply is no less that 5,500 carts.

Comments:

1. According to Ms. Maitland, the Airport currently contracts with Smarte Carte, Inc. to provide (1) the operation of the Self-Service Luggage Cart Rental Program as a concession at the Airport; and (2) free cart service in the Customs area of the International Terminal and in the Rental Car Facility at a cost to the Airport. Ms. Maitland advises that the self-service luggage carts are currently rented for $2 per cart and the rental rate was last raised from $1.50 per cart to $2 per cart on March 1, 2000.

In the attached memorandum from Ms. Maitland, Attachment II, Ms. Maitland states that the existing agreement with Smarte Carte, Inc. began in July of 1991 and expired in July of 2001. The Airport has continued to contract with Smarte Carte, Inc. on a month-to-month basis since under the same terms as the prior agreement. Under the existing agreement for the Self-Service Luggage Cart Rental Program, Smarte Carte, Inc. must pay the greater of either the Minimum Annual Guarantee of $225,000 or 16.7 percent of gross revenues. A comparison of the existing agreement and the proposed agreement for the rental luggage carts is as follows:

	Existing Agreement	Proposed Agreement
Minimum Annual Guarantee	$225,000	$450,000
Percent of Gross Revenues	16.7%	15.0%
November 2000-October 2001 Gross Rental Cart Revenues	$ 2,433,879	$ 2,433,879
Comparison of Rent Payable to the Airport using the Nov. 00-Oct. 01 Gross Rental Cart Revenue	$ 406,458	$ 365,082

Although the Minimum Annual Guarantee is $450,000 or $225,000 higher under the proposed Agreement, the percent of gross rental cart revenues is 1.7 percent less than the existing agreement (15 percent instead of 16.7 percent). Ms. Maitland advises that the 1.7 percent reduction in the percentage of gross revenue under the proposed Agreement is offset by the higher Minimum Annual Guarantee which places the risk of low revenues (i.e. low luggage cart rentals) on the Operator. Therefore, Ms. Maitland states that if luggage cart rentals are low, the Airport is guaranteed a higher Minimum Annual Payment than the Airport currently receives. However, the Budget Analyst notes that the revenue to the Airport would be $41,376 less under the proposed Agreement based on actual gross Smarte Carte, Inc. revenues over the 12 month period ending October 31, 2001 ($406,458 less $365,082).

2. Ms. Maitland advises in Attachment II that the free cart Customs Program has been paid for by the Airport since 1994. According to Ms. Maitland, the Airport provides free carts to arriving international passengers for the following reasons: (1) the Airport is an international gateway; (2) international passengers arriving at the Airport possess a higher than average amount of luggage necessitating the use of a luggage cart; (3) arriving international passengers do not usually have the correct type and amount of currency to rent a cart; and, (4) U.S. Customs officials have repeatedly refused to permit a Currency exchange service inside the Customs area.

According to Ms. Maitland, under the existing agreement, Smarte Carte, Inc. is paid $0.70 per cart each time a passenger uses a free cart in the Customs area. Ms. Maitland advises that there currently is no maximum amount payable to Smarte Carte, Inc. for the free carts in the Customs area. Under the proposed Agreement, Smarte Carte, Inc. will be paid a flat annual fee for providing free carts in the Customs area rather than a per cart per use fee as is currently done. The average annual fee for providing free carts in Customs is $2,474,200 ($12,371,000 over 5 years). The cost of providing free luggage carts in the Customs Program increases over the life of the proposed Agreement, as shown in Attachment III, provided by the Airport. Also, as shown in Attachment III, the cost of the

Customs Program continues to increase over the five, one-year Agreement extension options.

	Existing Agreement	Proposed Agreement
Customs Program	$0.70 per cart per use. Nov 2000-Oct 2001 Net Actuals: $981,252	Average Annual Flat fee: $2,474,200
* See Attachment III for the actual annual fee for each year of the proposed Agreement		

Ms. Maitland advises that moving to a flat annual fee for the free carts versus a per cart per use charge requires Smarte Carte, Inc. to bear the burden of increased operational costs over the life of the Agreement, thus, the Airport precludes future attempts to re-negotiate the fee amounts for the free carts in Customs by Smarte Carte, Inc. However, the Budget Analyst notes that the Airport will be paying $1,492,948 more than is currently paid for the Customs Program. On page six of Attachment II, Ms. Maitland advises that the annual fee for providing free carts in the Customs Program includes Smarte Carte, Inc.'s cost of equipping the self-service luggage carts with brakes as well as the increased labor cost under the City's Minimum Compensation Ordinance[3].

3. Ms. Maitland reports that the Rental Car Facility Program was instituted upon the opening of the Rental Car Facility on McDonnell Road in January of 1999. Currently, passengers are bussed from the Airport terminals to the Rental Car Facility and vice versa. According to Ms. Maitland, the Airport received numerous complaints that passengers had to rent a cart twice, once at the terminals and again at the Rental Car Facility. The AirTrain will accommodate luggage carts, however, in the meantime, the Airport perceived providing luggage carts for free at the Rental Car Facility as a critical service for passengers going to and from the Rental Car Facility. The Airport currently pays a flat annual fee of $487,000, or $40,583 per month for the free luggage carts at the Rental Car Facility. Upon commencement of AirTrain, which is estimated to be August 10, 2002, this service will cease and the Airport will no longer pay for free carts at the Rental Car Facility unless the

[3] Ms. Maitland advises that the Minimum Compensation Ordinance requires contractors with the City and County of San Francisco to pay minimum gross hourly compensation of $10.00 an hour beginning January 1, 2002, plus 2.5% annual increases for each of the next three years.

AirTrain system fails (see Comment No. 5). A comparison of the existing agreement with the proposed Agreement for the provision of free carts under the Rental Car Facility Program is as follows:

	Existing Agreement	Proposed Agreement
Rental Car Facility Program	$487,000 per year	$480,000 per year*
* The payment for this service terminates when AirTrain is operational		

4. Ms. Maitland advises that currently the Airport is paying Smarte Carte, Inc. approximately $122,354 per month[4] for the free luggage carts in the Customs Area and at the Rental Car Facility.

5. Because the AirTrain has not previously existed at the Airport, the AirTrain Failure Contingency Program is a new component of the Self-Service Luggage Cart Agreement. Ms. Maitland advises that after consulting the AirTrain Project Manager, she budgeted an expense of 14 days per year at $500 per day or $7,000 per year for the operation of the AirTrain Failure Contingency Plan. Therefore, the total estimated cost of the AirTrain Failure Contingency Plan over the five-year term is estimated to be $35,000. However, even if the AirTrain system failed 14 days per year, the costs of providing free luggage carts when the AirTrain fails is less than continuing to provide free luggage carts at the Rental Car Facility at an annual cost of $480,000.

6. As noted above, the subject Agreement is for a five year period for a gross "not to exceed" amount of $12,866,000 for the free cart services in the "Customs Program", "Rental Car Facility Program" and the "AirTrain Failure Contingency Program". Ms. Maitland advises that the gross figure of $12,886,000 includes (a) the total Customs Program estimated cost of $12,371,000; (b) the total Rental Car Facility cost of $480,000; and, (c) the total estimated cost of the AirTrain Failure Contingency Plan over the five-year term is estimated to be $35,000. However, Smarte Carte, Inc. must pay the Airport a minimum of $2,250,000 in rent for the five-year term of the subject Agreement. Therefore, the net "not to exceed" amount for the five-year Agreement is

[4] Ms. Maitland advises that this monthly figure was derived by taking a 12-month average of luggage carts used in Customs, less the 16.7% of gross revenue payable as rent to the Airport or $81,771, plus the monthly Rental Car Facility fee of $40,583.

$10,636,000. Ms. Maitland advises that if the subject Agreement is approved, any one-year contract extensions would be authorized by the Airport Commission, without subsequent Board of Supervisors approval. Attachment III, provided by the Airport, indicates the estimated costs and rent payments for subject Agreement over a ten-year period, including the five, one-year Agreement extensions.

7. According to Ms. Maitland, the Airport Commission awarded the subject Agreement to Smarte Carte, Inc. based on a three-member panel's determination via written proposal and practical demonstration, that Smarte Carte, Inc. offered the best overall program. Ms. Maitland advises that proposals were received from the following three firms (1) Smarte Carte, Inc.; (2) Airport Carts, LLC; and (3) Top Cart, LLC. However, Ms. Maitland advises that Top Cart, LLC's proposal was rejected prior to evaluation for failure to meet the Minimum Qualification Requirements[5]:

Attachment IV, provided by the Airport, is a summary of the panel members' evaluation of the written proposals and the practical demonstrations from Smarte Carte, Inc. and Airport Carts, LLC.

8. Ms. Maitland advises that the costs of the subject Agreement were included in the Airport's FY 2001-2002 budget.

9. Approval of the proposed Agreement is a policy matter for the Board of Supervisors because (a) the percentage rent payable to the Airport for the Self-Service Luggage Cart Rental Program decreases from 16.7 percent to 15 percent; (b) the Airport can exercise up to five, one-year extensions without subsequent Board of Supervisors approval; and, (c) the annual cost of providing free luggage carts under the Customs Program increases over the five-year period of the subject Agreement and continues to increase over the five, one-year Agreement extensions options.

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[5] Top Cart LLC proposed as Top Cart SFO, a limited liability company that was formed on July 20, 2001. Pursuant to the RFP requirements, "Proposers will not be permitted to enter into the Agreement or perform the Services through a newly-formed entity, including a corporation or limited liability company (except that parties may joint venture provided that they satisfy the Minimum Qualification Requirements. The parties to the Agreement must be the same person or entity(ies) which proposes and satisfies the Minimum Qualification Requirements."

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors because (a) the percentage rent payable to the Airport for the Self-Service Luggage Cart Rental Program decreases from 16.7 percent to 15 percent; (b) the Airport can exercise up to five, one-year extensions without subsequent Board of Supervisors approval; and, (c) the annual cost of providing free luggage carts under the Customs Program increases over the five-year period of the subject Agreement and continues to increase over the five, one-year Agreement extensions.

EXHIBIT A
PREMISES

SERIAL #	CMU #	TERMINAL LOCATION
3622	C20	Bridgeway b/w North & Old Central Terminal
3613	N01	Lower level, carousel #15, American Airlines
4341	N02	Lower level, b/w carousels #11 & #14, American Airlines
4338	N03	Lower level, b/w carousels #10 & #11, American Airlines
4334	N04	Lower level, b/w carousels #5 & #6, United Airlines
3610	N04A	Lower level, b/w carousels #4 & #5, United Airlines
3548	N05	Lower level, b/w carousels #3 & #4, United Airlines by others
4311	N06	Lower level, b/w carousels #3 & #4, United Airlines
4308	N07	Lower level, b/w carousels #3 & #4, United Airlines
4304	N08	Lower level, b/w carousels #2 & #3, United Airlines
4300	N09	Lower level, b/w carousels #1 & #2, United Airlines
4301	N010	Lower level, carousel #1 behind telephones, United Airlines
4309	N10	Lower level, curbside, American Airlines
4292	N11	Lower level, curbside, door #6, United Airlines
4291	N12	Lower level, curbside, door #4, United Airlines
3618	N13	Lower level, curbside, door #2, United Airlines
4307	N21	Upper level, check-in counter, American Airlines
4310	N22	Upper level, check-in counter b/w restrooms, UA & American
4297	N23	Upper level, check-in counter United Airlines
4296	N24	Upper level, elevators, United check point
4340	N25	Upper level, elevators, United check point
4333	N30	Upper level, curbside, American Airlines
3712	N31	Upper level, curbside, door #9, United Airlines by others
4277	N32	Upper level, curbside, between door #6 & #7
4313	N33	Upper level, curbside, door #3, United Airlines
4316	N41	Boarding Area E, Gate 60, American Airlines
4298	N42	Boarding Area E, Gate 62, American Airlines
4204	N43	Boarding Area F, rotunda, near restrooms, United Airlines
4337	N44	Boarding Area F, Gate 83, United Airlines
4336	N45	Boarding Area F, Gate 89, United Airlines
4274	N70	Upper level, Center Island, in front of American Airlines
4275	N71	Upper level, Center Island, in front of United Airlines
4302	S01	Lower level, baggage claim, in front of elevators, US Air
4315	S02	Lower level, baggage claim, Air Canada
4216	S03	Lower level, baggage claim, Southwest Airlines
4332	S04	Lower level, carousel #6, Continental Airlines
4212	S05	Lower level, carousel #7, Continental Airlines
4211	S06	Lower level, carousel #9, America West Airlines
3711	S07	Lower level, carousel #13, Alaska Airlines by others
4312	S08	Lower level, carousel #16, Delta Airlines
4214	S09	Lower level, carousel #17, Delta Airlines
4314	S010	Lower level, in front of elevator, Delta Airlines
4083	S10	Lower level, curbside, US Air

4443	S11	Lower level, curbside, Continental Airlines
3616	S12	Lower level, curbside, American Trans Air
4289	S13	Lower level, curbside, Delta Airlines
4303	S31	Upper level, curbside, US Air
3713	S32	Upper level, curbside, Southwest Airlines by others
4295	S33	Upper level, curbside, b/w America Trans Air & Continental
3629	S34	Upper level, curbside, b/w TWA & America West Airlines
4293	S35	Upper level, curbside, Alaska Airlines
4213	S36	Upper level, curbside, Delta Airlines
4294	S40	Boarding Area A, Gate 7, US Air
4299	S41	Boarding Area A, entrance to Gates 8-16, US Air
4317	S42	Boarding Area B, Gate 24, TWA
4318	S43	Boarding Area B, entrance to Gates 32-36, TWA
3609	S44	Boarding Area B, near Gate 23, TWA
4290	S70	Upper level, Center Island, in front of Southwest Airlines
4273	S71	Upper level, Center Island, in front of TWA

4424	A61	Domestic Garage Section A Level 1
4075	A62	Domestic Garage Section A Level 2
4284	A63	Domestic Garage Section A Level 3
4062	B61	Domestic Garage Section B Level 1
4466	B62	Domestic Garage Section B Level 2
4276	B63	Domestic Garage Section B Level 3
5334	C61	Domestic Garage Section C Level 1
4279	C62	Domestic Garage Section C Level 2
4281	C63	Domestic Garage Section C Level 3
4280	C65	Domestic Garage Section C Level 5
4283	D61	Domestic Garage Section D Level 1
4288	D62	Domestic Garage Section D Level 2
4287	D63	Domestic Garage Section D Level 3
4286	D65	Domestic Garage Section D Level 5
4797	E61	Domestic Garage Section E Level 1
5336	E62	Domestic Garage Section E Level 2
4787	E63	Domestic Garage Section E Level 3
4285	F61	Domestic Garage Section F Level 1
4080	F62	Domestic Garage Section F Level 2
4069	F63	Domestic Garage Section F Level 3
4077	F64	Domestic Garage Section F Level 4
4278	F65	Domestic Garage Section F Level 5
5354	AA-61	A garage West end Level 1
5353	AA-62	A garage West end Level 2
5163	AA-63	A garage West end Level 3
5350	AA-64	A garage West end Level 4
5359	AA-65	A garage West end Level 5
4726	AA-66	A garage West end Level 6
5352	AA-67	A garage West end Level 7
3620	AA-68	A garage West end Level 8
5356	AB-61	A garage Middle Level 1
5358	AB-62	A garage Middle Level 2
5360	AB-63	A garage Middle Level 3
5355	AB-64	A garage Middle Level 4
5357	AB-65	A garage Middle Level 5
5351	AB-66	A garage Middle Level 6

4794	AB-67	A garage Middle Level 7
5329	AB-68	A garage Middle Level 8

4064	GB-61	G garage Level 1
3619	GB-62	G garage Level 2
4305	GB-63	G garage Level 3
4067	GB-64	G garage Level 4
3615	GB-65	G garage Level 5
3611	GB-66	G garage Level 6
5328	GB-67	G garage Level 7
4282	GB-68	G garage Level 8

4306	IT-01	Baggage Claim room A right side of the entrance
3623	IT-02	Baggage Claim room A facing the entrance
3617	IT-03	Baggage Claim room G right side of the entrance
3625	IT-04	Baggage Claim room G facing the entrance
5339	IT-10	Baggage curbside, arrival level
5335	IT-11	Baggage curbside, arrival level
5330	IT-12	Baggage curbside, arrival level
5331	IT-13	Baggage curbside, arrival level
5340	IT-14	Baggage curbside, arrival level
5338	IT-15	Baggage curbside, arrival level
5343	IT-30	Ticketing Curbside, departure level
5332	IT-31	Ticketing Curbside, departure level
5344	IT-32	Ticketing Curbside, departure level
5345	IT-33	Ticketing Curbside, departure level
5348	IT-34	Ticketing Curbside, departure level
5349	IT-35	Ticketing Curbside, departure level
5347	IT-36	Ticketing Curbside, departure level
5342	IT-37	Ticketing Curbside, departure level
5346	IT-38	Ticketing Island, departure level
5341	IT-39	Ticketing Island, departure level
5333	IT-51	Ticketing "G" side facing elevators
3549	IT-52	Ticketing "G" side outside Amlock
3710	IT-70	Courtyard A
5337	IT-71	Courtyard G

51020	C11C	Customs - connecting flight exit
99221	IT16A	Customs "A" - Immigration Counters
98221	IT17G	Customs "G" - Immigration Counters

Date: January 3, 2002

To: Maureen Singleton, Budget Analyst

From: Patty Maitland, Senior Principal Property Manager

Re: Award of Luggage Cart Lease and Operating Agreement to Smarte Carte, Inc.

This responds to your request for information regarding the San Francisco International Airport's Luggage Cart Lease and Operating Agreement.

Current Self-Service Cart Concession Contract, Major Lease Terms Summary

Premises:	Self-service luggage cart system, automatic dispensing "vending units" and carts available to the public throughout the North, South and International Terminal Building Complex, including connecting concourses, piers, and boarding areas.
Term:	Five years
Commencement:	July, 1991
Expiration:	July, 2001[1] Resolution 96-0132, adopted May 21, 1996, exercising option period.
Option:	One five-year period exercisable at the sole discretion of the Commission.
Use & Operation:	Uses Permitted: Exclusive rental of luggage carts by Operator throughout Terminal Building Complex, garage and terminal roadway sidewalks. At Commission's discretion, carts may be provided free of charge in Customs area. Operator installs, services and maintains cart in quantities and locations approved by Director. Operation: Operator to install and operate minimum 88 vending units Airport-wide, including Customs area together with minimum 2,200 carts. Operator leases vending units to Airport in accordance with §6.01 of the Agreement.

[1] The Airport Commission determined that it was inadvisable to commence a new luggage cart operating system, and one that included braking carts, in the midst of the peak traveling season and authorized a month-to-month hold-over of the existing agreement in anticipation of a Commencement Date for the new Agreement no later than April 1, 2002.

All vending unit counters to be set to zero at installation. Carts provided in Customs to be distributed through vending units.

As required by Director, Operator to be present in Customs area during scheduled arrival time(s) of each and every International flight to assist passengers and make change.

Luggage carts and vending units to be operational 24 hours daily, seven days per week.

Rental Payment:

Fee:

(a) Originally, the Operator paid Airport an annual consideration consisting of a MAG of $225,000 or 15% of gross revenue (see Modification #2 below).

(b) Airport pays Operator $10.00/month for each vending unit.

(c) Airport pays Operator $0.70 per cart for each cart used with the Free Cart in Customs program.

(d) Airport pays Operator annual flat fee of $487,000 to provide free carts at the Rental Car Facility.

Maintenance & Repairs:

Operator agrees to maintain and repair any damages caused by its Operation. Operator responsible for maintaining all luggage carts and vending units in good operating condition.

Resolution:

No. 91-0021

Lease Modifications

Modification #1, Resolution No. 94-0054, May 1, 1994 – Redefined gross revenues for the purpose of funding the Free Cart in Customs Program.

Modification #2, Resolution No. 96-0132, May 21, 1996 – Increased percentage of gross revenues to be paid as rent to the Airport from 15% to 16.7%. Exercised five-year option period.

Modification #3, Resolution No. 99-0116, April 20, 1999 – Established RAC Free Cart Program at a rate of $.70 per rental car transaction.

Modification #4, Resolution No. 00-0295, August 15, 2000 – Reduced rate paid to Smarte Carte for RAC Free Cart Program to annual flat fee of $487,000 annually.

Current Operations

Historically, the Airport has paid the Operator for the Free Cart Programs. The **Customs Program** provides free carts to arriving international passengers for the following reasons: 1.) SFO is an international gateway, 2.) international passengers arriving at SFO possess a higher than average amount of luggage necessitating the use of a luggage cart, 3.) arriving international passengers do not usually have the correct type and amount of currency to rent a cart, 4.) U.S. Customs officials have repeatedly refused to permit a currency exchange service inside the Customs area.

Under the old agreement, the Airport paid the Operator $.70 per cart used in the Customs Program, which amount was included in the "Gross Revenue" calculation of the agreement on which the Operator paid rent. Because the U.S. Customs area is a secured and closed area, the carts were brought in through a guide-way that contained a counter embedded in the floor. The wheels of the carts passed over the counter and registered the number of carts brought into the Customs area. The only way a cart would exit the secured area was by passenger use. Each month, a representative of the Operator, and a member of the Airport's accounting staff, would jointly read the counter for that accounting period's billing. This method of counting the luggage carts via the guide-way presented significant operational issues for the Airport, the Customs officials, and the Operator. The Airport determined that requiring the successful Proposer to commit to annual fees would resolve this operational issue and also place the burden of increased operational costs over the life of the Agreement on the Proposer, thus, precluding any future attempts by the Operator to renegotiate the fee amounts.

The **RAC Program** was instituted upon the opening of the Rental Car Facility on McDonnell Road. Passengers are bussed from the terminals to the RAC and vice versa. The Airport received numerous complaints that passengers had to rent a cart twice, once at the terminals and again at the RAC, when using the rental car buses. Unlike the buses, the AirTrain will accommodate luggage carts; in the meantime, the Airport perceived this as a critical service for passengers going to and from the RAC. Upon commencement of AirTrain, this service will cease.[2]

The RAC Program was initially tied to the number of car rental transactions per month. However, after an audit of the usage showed the Airport was overpaying for this service, the $.70 per rental car transaction fee was renegotiated to a flat annual fee of $487,000 and the $138,000 in overpayments under the transaction methodology was credited back to the Airport.

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[2] The Airport anticipates the Commencement of the proposed Agreement on April 1, 2002. Per the Agreement: "To the extent the RAC Program operates less than the first full Lease Year, then the Service Fee for the RAC Program for such Lease Year shall be prorated, based on a 360-day year." As the AirTrain will go on-line on August 10, 2002, the Airport will pay only 131 days of the RAC Program Fee ($174,667).

Finally, the **AirTrain Failure Contingency Program** is a contingency plan in the event the AirTrain during its regular operation fails, and the Airport must bus passengers to the RAC. The AirTrain Failure Contingency Program has not previously existed.

Historical Financial Data

The attached spreadsheets (which were included as source documents in the RFP) show the overall financial reporting for the luggage cart concession from 1996 through March 2001.

Proposed Lease and Operating Agreement

The proposed Luggage Cart Lease and Operating Agreement (Agreement) comprises two major parts: (1) the operation of the luggage cart rental program as a concession, making the Carts available for rent at $2 per cart for the traveling public, and paying to the Airport concession rent; and (2) the provision to the Airport, for a fee, the Customs Program, the RAC Program, and the AirTrain Failure Contingency Program (the "Services") as described below. Under the proposed Agreement, Smarte Carte, Inc. would provide (a) the operation of a fleet of not less than 5,500 luggage carts, equipped with brakes[3], (b) the installation, maintenance, and repair, of the luggage carts, (c) the installation, maintenance, and repair of luggage cart vending units, which automatically dispense luggage carts to the public; (d) the operation of the Luggage Cart Program including the collection and relocation of luggage carts; and (e) the provision of the Services. Exhibit A of the Agreement is a list of current rental cart locations at the Airport Terminal Complex.

SERVICES:

(1) Customs Program. Smarte Carte, Inc. must provide no less than two thousand (2,000) luggage carts in the U.S. Customs area of the International Terminal. The luggage carts will continue to be available without a rental charge in the Customs area

(2) RAC Program. Smarte Carte, Inc. must provide no less than five hundred (500) luggage carts at the Rental Car Facility until AirTrain is operational and open to the public for transport to the Rental Car Facility. The luggage carts will continue to be available without a rental charge in these areas

(3) AirTrain Failure Contingency Plan. Smarte Carte, Inc. must provide no less than five hundred (500) luggage carts at the Rental Car Facility upon

[3] The terms of the proposed Agreement require Smarte Carte to equip the luggage carts with brakes. Existing self-service luggage carts do not have brakes. Smarte Carte will either equip their existing fleet of luggage carts with breaks or manufacture new carts with brakes in order to meet the terms of the Agreement.

notification from the Airport that there is or may be an AirTrain failure, and buses must be used to transport passengers from the Terminal Building Complex to the Rental Car Facility. Smarte Carte, Inc. must provide luggage carts in the Rental Car Facility free of charge until the AirTrain service resumes or as otherwise directed by Airport Director.

Request for Proposal Process and Respondents

The Airport Commission awarded the Agreement to Smarte Carte Inc., based on a three-member panel's determination via written proposal and practical demonstration that Smarte Carte offered the best overall program and is responsive and responsible. Proposals were received from the three firms listed below. However, Top Cart, LLC's proposal was rejected prior to evaluation for failure to meet the Minimum Qualification Requirements.[4]

Smarte Carte, Inc.
Airport Carts, LLC.
Top Cart, LLC

Attached is a summary of the panel members' evaluation of the written proposals and the practical demonstrations. Please note that the scores of the panel members are a matter of public record, however, the evaluating panel members are anonymous (anonymity of panel members safeguards against undue influence being brought to bear on the evaluation process).

The Request for Proposal (RFP) did not require a Proposer to submit its methodology as to how the financial component was derived, however, Smarte Carte has provided the Airport with additional information as set forth in the following section. As the RFP process is a competitive one, and the financial component is one of the areas evaluated, the Proposer bears the risk of the cost estimation. The Minimum Qualification Requirements ensure that a Proposer is sufficiently sophisticated to accurately project its future financial requirements.

Delta Between the Existing and Proposed Agreement Amounts

MAG and Percent of Gross Revenue Delta

The function of a MAG is to ensure a certain rent threshold to the Airport; the percentage of gross revenue allows for the Airport to participate in periods of

[4] Top Cart LLC proposed as Top Cart SFO, a limited liability company that was formed on July 20, 2001. Pursuant to the RFP requirements, "Proposers will not be permitted to enter into the Agreement or perform the Services through a newly-formed entity, including a corporation or limited liability company (except that parties may joint venture provided that they satisfy the Minimum Qualification Requirements. The parties to the Agreement must be the same person or entity(ies) which proposes and satisfies the Minimum Qualification Requirements."

higher rental activity. The MAG proposed by Smarte Carte is double the existing MAG. This high MAG places the risk of low revenues (i.e. low cart rentals) on the Operator and offsets the 1.7% reduction in the percentage of gross revenue.

Program Services Fee Delta

In general, Smarte Carte cites the following two items as being primary factors in determining its fee proposal:

Smarte Carte has stated that because the proposed Agreement triggers the **Minimum Compensation Ordinance** (MCO)[5], their labor costs are significantly increased over the term of the Agreement. Smarte Carte has given the Airport an unofficial estimate of approximately $1M for the first Lease Year in increased payroll costs. This estimate is based on a work force of between 100 and 120 cart associates, currently paid on average at $.75 over the federal minimum wage, working three 8-hour shifts.

Additionally, Smarte Carte is required to provide carts with a **braking mechanism** in order to satisfy the specifications of the proposed Agreement. Either retro-fitting existing equipment, or manufacturing new carts to meet this specification represents a significant capital investment by the Operator not previously required by the old Agreement.

Utilities and Janitorial Services

In accordance with §8.2 Utility Costs of the Agreement, Smarte Carte shall pay the whole cost of the utility services required to perform under the Agreement. Although the Proposers were not required to provide their operating budget in their responses, I requested that Smarte Carte provide their utility cost projections, however, Smarte Carte has not finalized its budget. Additionally, janitorial services are not broken out as a line item of their budget as their employees perform this function as a part of their regular duties. The Operator will most likely be subcontracting their janitorial services out in order to meet the M/WBE goals required in the Agreement.

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[5]MCO requires contractors with the City and County of San Francisco to pay minimum gross hourly compensation of $10.00 an hour beginning January 1, 2002, plus 2.5% annual increases for each of the next three years.

Attachment 6
Service Fee and Base Rent Proposal

Components	Amount Per Year: YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Service Fee – Charge to the Airport for providing the Services:					
1. Customs Program	$2,223,000 Two million two hundred twenty-three thousand dollars	$2,336,000 Two million three hundred thirty-six thousand dollars	$2,466,000 Two million four hundred sixty-six thousand dollars	$2,602,000 Two million six hundred two thousand dollars	$2,744,000 Two million seven hundred forty-four thousand dollars
2. Rental Car Facility Program (until AirTrain is Operational)	$480,000 Four hundred eighty thousand dollars	$0 Zero dollars	$0 Zero dollars	$0 Zero dollars	$0 Zero Dollars
3. AirTrain Failure Contingency Plan	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day
Total Services Fee=	$2,703,000 Two million seven hundred three thousand dollars	$2,336,000 Two million three hundred thirty-six thousand dollars	$2,466,000 Two million four hundred sixty-six thousand dollars	$2,602,000 Two million six hundred two thousand dollars	$2,744,000 Two million seven hundred forty-four thousand dollars
Base Rent – Payment to the Airport for the privilege of operating the Car Rental Program, equaling the greater of the Minimum Annual Guarantee and a percentage of Gross Revenues.	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars
(The Minimum Proposal Amount for the Minimum Annual Guarantee is $400,000. The Minimum Proposal Amount for Percentage: 15%)	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue
Total Proposed Net Fee= **(Total Service Fee Minus Base Rent)** **For the purpose of this calculation, the Base Rent is the proposed Minimum Annual Guarantee.**	$2,253,000 Two million two hundred fifty-three thousand dollars	$1,886,000 One million eight hundred eighty-six thousand dollars	$2,016,000 Two million sixteen thousand dollars	$2,152,000 Two million one hundred fifty-two thousand dollars	$2,294,000 Two million two hundred ninety-four thousand dollars

Note: Proposal amounts must be specified numerically and fully expressed in written words according t

Attachment 6 (page 2)
Service Fee and Base Rent Proposal

Components	Amount Per Year				
	OPTION YEAR 1	OPTION YEAR 2	OPTION YEAR 3	OPTION YEAR 4	OPTION YEAR 5
Service Fee – Charge to the Airport for providing the Services:					
1. Customs Program	$2,775,000 Two million seven hundred seventy-five thousand dollars	$2,800,000 Two million eight hundred thousand dollars	$2,825,000 Two million eight hundred twenty-five thousand dollars	$2,850,000 Two million eight hundred fifty thousand dollars	$2,875,000 Two million eight hundred seventy-five thousand dollars
2. Rental Car Facility Program (until AirTrain is Operational)	$0 Zero dollars	$0 Zero dollars	$0 Zero dollars	$0 Zero dollars	$0 Zero Dollars
3. AirTrain Failure Contingency Plan	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day
Total Services Fee=	$2,775,000 Two million seven hundred seventy-five thousand dollars	$2,800,000 Two million eight hundred thousand dollars	$2,825,000 Two million eight hundred twenty-five thousand dollars	$2,850,000 Two million eight hundred fifty thousand dollars	$2,875,000 Two million eight hundred seventy-five thousand dollars
Base Rent – Payment to the Airport for the privilege of operating the Cart Rental Program, equaling the greater of the Minimum Annual Guarantee and a percentage of Gross Revenues.	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars
(The Minimum Proposal Amount for the Minimum Annual Guarantee is $400,000. The Minimum Proposal Amount for Percentage: 15%)	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue
Total Proposed Net Fee (Total Service Fee Minus Base Rent) For the purpose of this calculation, the Base Rent is the proposed Minimum Annual Guarantee.	$2,325,000 Two million three hundred twenty-five thousand dollars	$2,350,000 Two million three hundred fifty thousand dollars	$2,375,000 Two million three hundred seventy-five thousand dollars	$2,400,000 Two million four hundred thousand dollars	$2,425,000 Two million four hundred twenty-five thousand dollars

Note: Proposal amounts must be specified numerically and fully expressed in written words according to the above form.

Luggage Cart RFP Evaluation Summary

WRITTEN PROPOSAL (80% of Total Score)

	Panelist 1 TM	Panelist 1 TM	Panelist 2 SR	Panelist 2 SR	Panelist 3 VH	Panelist 3 VH	Average	Average
	Smarte Carte	Airport Carts LLC	Smarte Carte	Airport Carts LLC	Smarte Carte	Airport Carts LLC	Smarte Carte	Airport Carts LLC
Operations Plan (30 pts)	23	17	27	17	24.5	21.5	24.8	18.5
Experience & Assigned Staff (20 pts)	20	10	18	7	20	20	19.3	12.3
Equipment (20 pts)	16	11	17	7	16	12	16.3	10
Service Fee & Base Rent (30 pts)	17	24	20	30	25	30	20.7	28
Written Proposal Total	76	62	82	61	85.5	83.5	81.1	68.8

							Smarte Carte	Airport Carts LLC
80% of Score (Average Score x .8)							**64.9**	**55**

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PRESENTATION/INTERVIEW (20% of Total Score)

	Panelist 1 TM	Panelist 1 TM	Panelist 2 SR	Panelist 2 SR	Panelist 3 VH	Panelist 3 VH	Average	Average
	Smarte Carte	Airport Carts LLC	Smarte Carte	Airport Carts LLC	Smarte Carte	Airport Carts LLC	Smarte Carte	Airport Carts LLC
Oral Presentation Plan (10 pts)	8	8	10	5	10	10	9.3	7.6
Interview Questions (Total 30 pts)	25	20	29	21	27	24	27	21.7
Operations (10 pts)	9	8	9	8	7	7	8.3	7.7
Experience (10 pts)	8	6	10	5	10	8	9.3	6.3
Fee (10 pts)	8	6	10	8	10	9	9.3	7.7
Equipment (60 pts)	55	45	60	50	55	45	56.7	46.7
Presentation/Interview Total	88	73	99	76	92	79	93	76

							Smarte Carte	Airport Carts LLC
20% of Score (Average Score x .2)							**18.6**	**15.2**

Total RFP Evaluation Score							Smarte Carte	Airport Carts LLC
							83.5	**70.2**

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HRC 5% RATING BONUS APPLICABLE?

							Smarte Carte	Airport Carts LLC
5%							0	0

							Smarte Carte	Airport Carts LLC
80% of Written Proposal Average Score							**64.9**	**55**
20% of Presentation/Interview Average Score							**18.6**	**15.2**
HRC Rating Bonus (5%)							**0**	**0**
GRAND TOTAL							**83.5**	**70.2**

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Item 5 – File 01-2232

Departments: Public Utilities Commission (PUC)
- Hetch Hetchy Water & Power
Public Health Department (DPH)
Recreation and Parks Department (RPD)

Item: Resolution authorizing the General Manager of the San Francisco Public Utilities Commission to accept and expend a grant from the California Energy Commission in the amount of $265,000 to defray the costs of lighting and heating ventilation and air conditioning (HVAC) system retrofit projects at facilities owned and operated by the City within the Department of Public Health and the Recreation and Park Department; and, waiving the inclusion of indirect costs.

Grant Amount: $265,000

Grant Period: December 10, 2001 – June 1, 2002 (approximately six months) (See Comment No. 1)

Source of Funds: California Energy Commission

Required Match: $66,250 (See Comment No. 2)

Indirect Costs: The PUC proposes to waive the inclusion of indirect costs to maximize the use of such funds for the subject projects.

Description: Approval of the proposed resolution would authorize the PUC to accept and expend a grant in the amount of $265,000 from the California Energy Commission to defray the costs of lighting and HVAC retrofit projects at San Francisco General Hospital (SFGH), Department of Public Health (DPH) facilities, and Recreation and Park Department (RPD) facilities.

Attachment I, provided by the PUC, identifies the DPH and RPD facilities retrofit project sites and indicates which lighting and HVAC projects will be undertaken at each site, including SFGH. According to Mr. Fred Weiner of the PUC, the projects identified in Attachment I are part of the high-priority energy conservation projects approved in Hetch Hetchy's FY 2001-2002 budget (see

Comment No. 2) and the subject grant funds in the amount of $265,000 would defray the costs of those SFGH, DPH facilities and RPD facilities lighting and HVAC retrofit projects.

Mr. Weiner advises that the lighting retrofit projects include: (1) installing more energy efficient lamps and exit signs, (2) adding reflectors to certain lighting fixtures to improve lighting and (3) replacing incandescent bulbs with compact fluorescent bulbs, which use approximately one-fourth the electricity. According to Mr. Weiner, the HVAC retrofit projects consist of HVAC system modifications and the installation of HVAC premium efficiency motors, which provide the power output only as-needed. According to Mr. Weiner, the lighting and HVAC retrofit projects at SFGH, DPH facilities and RPD facilities would conserve energy and would result a reduction of utility costs for the two departments.

According to Mr. Weiner, the PUC will contract out for (a) the installation of lighting at SFGH, (b) a majority of the installation of lighting and HVAC modifications for the DPH facilities retrofit projects, and (c) all the design and some of the installation of the lighting and HVAC premium efficiency motors, and ventilation system modifications for the RPD facilities retrofit projects. (see Comment No. 3). Mr. Weiner advises that two 5602, PUC Project Managers will spend a total of 1,440 hours (720 hours each), managing the subject retrofit projects. The FTE count for 1,440 hours is equivalent to 0.692 FTEs for the two, 5602 PUC Project Managers. Those PUC Project Managers are full-time existing positions and will spend their remaining time managing other energy efficiency projects coordinated by the PUC.

The total cost for the SFGH, DPH facilities and RPD facilities retrofit projects is $2,195,237, which would be funded from the $265,000 subject grant and $1,930,237 from the Mayor's Energy Conservation Account (see Comment No. 2).

Budget: The summary budget for the proposed lighting and HVAC retrofit projects is as follows:

<u>PUC Personnel</u>	
0.69 FTE 5602, Project Managers	
(1,440 total hours @ $33/hour)	$47,520
Mandatory Fringe Benefits (25% of salaries)	11,880
Subtotal	**$59,400**
<u>DPH Retrofit Projects</u>	
San Francisco General Hospital	$1,098,886
DPH Facilities	
(construction, installation and equipment)	742,003
Brown, Vence & Associates	
(as-needed Engineering design 164 hours @ $117/hour)	19,188
Subtotal SFGH/DPH	**$1,860,077**
<u>RPD Retrofit Projects</u>	
RPD Facilities	
(construction, installation and equipment)	$224,332
Newcomb Anderson Associates	
(Engineering design & construction management 164 hours @ $132/hour)	21,648
Subtotal RPD	**$245,980**
Other Costs	$80
Total Direct Costs	**$2,165,537**
Indirect Costs	$29,700
Total	**$2,195,237**

Attachment II, provided by the PUC, provides the project budget details that support the summary budget above. Mr. Weiner advises that the project budgets are estimates. As noted above, the total project costs of $2,195,237 would be funded from the following sources: $265,000 from the subject grant and, $1,930,237 from the Mayor's Energy Conservation Account, which includes the required match amount of $66,250. Mr. Weiner advises that Brown, Vence and Associates will consult on the SFGH and DPH facilities retrofit projects and Newcomb Anderson and Associates will consult on the RPD retrofit projects.

Comments:

1. Although the subject grant period began on December 10, 2001, Mr. Weiner reports that the PUC has not yet

accepted or expended the subject grant monies. Therefore, the proposed resolution is not retroactive. Mr. Weiner advises that the subject grant is only now coming to the Board, nearly one month after the grant period began, because of administrative delays at the PUC.

Mr. Weiner advises that the subject grant is divided into two payments, $155,520 for the SFGH retrofit project and $109,750 for the DPH and RPD facilities retrofit projects. Mr. Weiner further advises that in order to receive the entire grant amount of $265,000, the subject SFGH, DPH facilities and RPD facilities retrofit projects must be complete by June 1, 2002. According to Mr. Weiner, the SFGH retrofit project will be complete by June 1, 2002. However, Mr. Weiner estimates that only approximately 10 percent of the DPH facilities and the RPD facilities retrofit projects would be complete by June 1, 2002. Mr. Weiner advises because the PUC will not complete the DPH facilities and the RPD facilities retrofit projects, the grantor may only reimburse the PUC 10 percent of the grant payment for those projects, or $10,975. Mr. Weiner further advises that the PUC is currently negotiating with the State to extend the grant period so that the PUC has time to complete the DPH and RPD facilities retrofit projects and therefore receive the entire grant amount of $265,000. According to Mr. Weiner, the funds for the DPH and RPD facilities retrofit projects were included in Hetch Hetchy's FY 2001-2002 budget, therefore, if the grant period is not extended and the PUC is not granted the entire amount of $109,750 for these projects, there are funds available in the budget to complete these energy efficiency projects.

2. According to Mr. Wiener, in response to surging and uncertain prices of electricity and natural gas, the Mayor established the Mayor's Energy Conservation Account (MECA), within Hetch Hetchy's budget, to fund large energy efficiency projects for City-owned facilities. Mr. Weiner advises that the initial MECA funding was $15,000,000. The source of the required match of $66,250 is MECA. Mr. Weiner advises that the subject retrofit projects were included in the Hetch Hetchy FY 2001-2002 budget and acceptance of the subject grant monies in the amount of $265,000, would therefore make the same

amount of MECA funds available for use on other energy efficiency projects.

3. Mr. Weiner advises that the PUC would contract out up to $1,900,000 for engineering design, construction management and construction for the SFGH, DPH facilities and RPD facilities retrofit projects. The remaining work for the DPH facilities retrofit projects would be performed by the Department of Public Works and the remaining work for the RPD facilities retrofit projects would be performed by RPD. Mr. Weiner further advises that as of the writing of this report, he is uncertain how much of the construction and installation work for the DPH facilities retrofit projects would be contracted out or done in-house by Department of Public Works staff.

According to Mr. Weiner, of the up to $1,900,000 that the PUC would contract out, the PUC has already contracted with (a) Advanced Energy Solutions, which was selected on January 2, 2002 through a competitive bid process, to install the lighting at SFGH for $897,047; (b) Digital Energy, which was selected through a competitive bid process, to perform engineering design work for $80,000 and the construction management at SFGH for $90,000; (c) Kuhn & Kuhn, which already has in place a broad energy efficiency consulting services contract with the City, to perform design work and construction management for energy efficiency projects at the DPH facilities for a total of $300,000, (d) Newcomb Anderson Associates, which has an existing contract with the PUC, to perform engineering design and supply construction management assistance for the RPD retrofit projects for $21,648; and (e) Brown, Vence and Associates, which has an existing contract with the PUC, for the SFGH and DPH retrofit projects for $19,188. Therefore, the total amount of services already bid are $1,407,883 and the remaining amount the PUC may bid for the subject retrofit projects is $492,117 ($1,900,000 less $1,407,883). According to Mr. Weiner, construction and construction management will be performed by RPD staff for the RPD lighting and HVAC retrofit projects. Mr. Weiner advises that the lighting equipment for the DPH and RPD retrofit projects will be purchased through Omega-Pacific, which

has an existing City contract. However, as of the writing of this report, Mr. Weiner is uncertain of the actual costs of the lighting equipment. Purchase of the premium efficiency motors and equipment necessary for modification of ventilation systems would be competitively bid.

4. Attachment III is the PUC's Grant Application Information Form, which includes the Disability Access Checklist. The Grant Application Information Form incorrectly states that the source of the matching funds in the amount of $66,250 is the two City personnel and the two consultants. The form should state that the source of the matching funds is the Mayor's Energy Conservation Account.

Recommendation: Approve the proposed resolution.

		Lighting Fixture Retrofits	Ventilation System Modifications	Premium Efficiency Motors - HVAC
Task 1.	**San Francisco General Hospital Lighting Improvements**			
1.3.1	Retrofit Fluorescent Fixtures	X		
1.3.2	Retrofit Incandescent and Mercury Vapor Fixtures	X		
1.3.3	Retrofit Exit Signs	X		
1.3.4	Upgrade Reflectors	X		
Task 2.	**Department Of Public Health Facilities**			
	DPH Central Office	X		
	Administration-Mental Health	X	X	
	CHN Headquarters	X		
	Chinatown Public Health Center	X	X	
	Silver Avenue Health Center	X	X	
	Southeast Health Center	X	X	
	Castro Mission Health Center	X	X	
	Ocean Park Health Center	X	X	
	Venereal Disease Control Center	X		
	Potrero Hill Health Center	X		
	Center for Special Problems	X		
	Sunset District 5 Mental Health Center	X		
	North Market Senior Service Center	X		
	Redwood Center	X		
	St. Mary's Day Clinic	X		
	Maxine Hall Health Center	X	X	
	Sunset District 5 Mental Health Center	X		
Task 3	**Department of Recreation and Parks Facilities**			
	Chinese Recreation Center	X		
	Corporation Yard	X		
	County Fair Building/Hall of Flowers	X		
	Sharon Arts Building	X		
	Joseph Lee Recreation Center	X		
	Lake Merced Sports Center	X		
	Mission Community Center/Cultural Center	X		
	Portola Recreation Center	X		
	Randall Junior Museum	X		
	Strybing Arboretum	X		
	McLaren Lodge	X		
	Kezar Pavilion	X		
	Justin Herman Plaza			X
	Palace of Fine Arts			X

Source: Public Utilities Commission

Budget

		Estimated
PUC Personnel (for Project Management)		
0.692 FTE, 5602 Project Managers (1,440 @$33/hr)		$47,520
Mandatory fringe benefits (25% of salaries)		$11,880
SUBTOTAL		**$59,400**
DPH Retrofit Projects: Equipment, Supplies, Design, and Installation		
Task 1.	San Francisco General Hospital (SFGH) Lighting Improvements	
1.3.1	Retrofit Fluorescent Fixtures	$913,772
1.3.2	Retrofit Incandescent and Mercury Vapor Fixtures	$92,261
1.3.3	Retrofit Exit Signs	$29,134
1.3.4	Upgrade Reflectors	$63,720
	SUBTOTAL : SFGH Retrofit Projects	**$1,098,886**
Task 2.	Department Of Public Health Facilities	
	DPH Central Office	$193,404
	Administration-Mental Health	$107,326
	CHN Headquarters	$81,269
	Chinatown Public Health Center	$57,582
	Silver Avenue Health Center	$63,593
	Southeast Health Center	$42,398
	Castro Mission Health Center	$33,232
	Ocean Park Health Center	$31,714
	Venereal Disease Control Center	$15,663
	Potrero Hill Health Center	$10,987
	Center for Special Problems	$28,651
	Sunset District 5 Mental Health Center	$1,615
	North Market Senior Service Center	$19,254
	Redwood Center	$11,303
	St. Mary's Day Clinic	$8,910
	Maxine Hall Health Center	$35,102
	SUBTOTAL : DPH Facilities Retrofit Projects	**$742,003**
Consultant SFGH/DPH		
	Consultant: Brown, Vence & Associates (164 hours at $117/hr)	$19,188
	SUBTOTAL : SFGH/DPH Facilities Retrofit Projects and Consultant	**$1,860,077**
Task 3	Department of Recreation and Parks Facilities	
	Chinese Recreation Center	$8,046
	Corporation Yard*	$34,138
	County Fair Building/Hall of Flowers	$22,015
	Sharon Arts Building	$5,548
	Joseph Lee Recreation Center	$5,199
	Lake Merced Sports Center	$19,510
	Mission Community Center/Cultural Center	$42,035
	Portola Recreation Center	$5,760

Source: Public Utilities Commission

	Randall Junior Museum	$20,113
	Strybing Arboretum	$1,079
	McLaren Lodge	$9,976
	Kezar Pavilion	$2,869
	Justin Herman Plaza	$44,774
	Palace of Fine Arts	$3,270
	SUBTOTAL: RPD Retrofit Projects	**$224,332**
Consultant RPD		
	Consultant: Newcomb Anderson Associates (164 hours at $132/hr)	$21,648
	SUBTOTAL: RPD Retrofit Projects and Consultant	**$245,980**
Non-Labor Expenses		$80
	TOTAL DIRECT COSTS	**$2,165,537**
Overhead		$29,700
	TOTAL	**$2,195,237**

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Source: Public Utilities Commission

TO: Gloria L. Young, Clerk of the Board of Supervisors
FROM: Fred Weiner, San Francisco Public Utilities Commission
DATE: November 16, 2001
SUBJECT: Accept and Expend Resolution for Subject Grant

GRANT TITLE: INN-00L-022 – SB5X Peak Load Reduction Program

Attached please find the original and four copies of each of the following:

_X_ Proposed grant resolution; original signed by Department, Mayor, Controller
_X_ Grant information form, including disability checklist
_X_ Grant budget
_X_ Grant application
_X_ Grant award letter from funding agency

Departmental representative to receive a copy of the adopted resolution:

Name: Fred Weiner Phone: 554-3185
Interoffice Mail Address: SFPUC, 1155 Market St., 4th Floor, San Francisco
Certified Copy Required: Yes ☐ No ☒

File Number ______________________
(Provided by Clerk of Board of Supervisors)

Grant Information Form

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution.

1. Grant title: INN-00L-022 – SB5X Peak Load Reduction Program
2. Department: Hetch Hetchy Water & Power
3. Contact person: Fred Weiner Telephone: (415) 554-3185
4. Grant approval status:
   [X] Approved by funding agency [ ] Not yet approved
5. Amount of grant funding approved or applied for: $265,000.

6a. Matching funds required: $66,250.
 b. Source of matching funds: 2 City personnel and 2 consultants (salaries/wages)

7. Grant source agency: California Energy Commission

8. Proposed grant project summary: At the San Francisco General Hospital and various facilities in the Department of Public Health and Recreation and Park Department, implement energy conservation measures that would result in peak demand savings and reduce base load demand. Measures include lighting improvements, ventilation system modifications, and installing premium efficiency motors.
9. Grant project schedule: Start-date: December 10, 2001 End-date: June 1, 2002
10. Number of new positions created and funded: none.
11a. Amount budgeted for contractual services: $1,900,000.
11b. Will contractual services be put out to bid? Yes.
11c. Will these contract services help to further the goals of the department's MBE/WBE requirements? Yes.
11d. Is this likely to be a one-time or ongoing request for contracting out? One-time
12a. Does the budget include indirect costs? [ ] Yes [X] No
12b. Why are indirect costs not included?
[ ] Not allowed by granting agency [X] To maximize use of grant funds on direct services

** Disability Access Checklist **

14. This grant is intended for activities at (check all that apply):
[X] Existing sites [X] Existing structures [ ] Rehabilitated sites
[ ] Existing programs or services [ ] Rehabilitated structures
[ ] New programs or services [ ] New sites [ ] New structures

15. The Departmental ADA Coordinator and/or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State, and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

Comments: None.

Departmental or Mayor's Office of Disability
Reviewer: Kyle
Date Reviewed: 11/20/01

Departmental Approval:

____
(Name) (Title)

____
(Signature)

Item 6 - File 01-2264

Departments:	Recreation and Park Department (RPD) Department of Administrative Services, Real Estate Division (RED)
Item:	Resolution approving and authorizing an agreement for the purchase of real property located on Alberta Street in Visitacion Valley, to retain as public open space for a purchase price of $240,000; adopting findings that the conveyance is exempt from Environmental Review and is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of this resolution.
Location:	Assessor's Block No. 6188, Lot Nos. 25 and 26 50 and 52 Alberta Street, adjacent to McLaren Park
Seller:	Pei-Kuei Lee Wu, Shen Mu Wu and Tony Tsei Cheng Wen, private property owners
Size:	5,000 square feet
Purchase Price:	$240,000, or $48.00 per square foot, plus an estimated $7,500 in closing costs, for an estimated total cost of acquisition of $247,500 (see Comment No. 2).
Source of Funds:	Proceeds from the General Obligation Neighborhood Recreation and Park Facilities Improvement Bonds, Series 2000C, previously appropriated by the Board of Supervisors in the amount of $6,180,000 (File 00-0679). The Neighborhood Recreation and Park Facilities Improvement Bonds, which authorized $110,000,000 in General Obligation Bonds, were approved as Proposition A by the voters in March of 2000.
Description:	Approval of the proposed resolution would authorize the purchase of two properties, Lots 25 and 26 in Block 6188, from Pei-Kuei Lee Wu, Shen Mu Wu and Tony Tsei Cheng Wen for $247,500 which includes the $240,000 purchase price of the two lots and an estimated $7,500 in closing costs. The lots are located at 50 and 52 Alberta Street.

As shown in the attached map (Attachment I), provided by RPD, the subject properties are adjacent to McLaren Park in Visitacion Valley. The acquisition of the subject properties would effectively enlarge an existing Open Space, McLaren Park, area already owned by the City. McLaren Park is currently 317.975 acres, or 13,850,991 square feet. Acquisition of the subject properties would be an increase of 5,000 square feet, or less than 0.0004 percent.

According to Mr. Bob McDonald of the RPD, McLaren Park's walking trail system and the access point to the walking trail from Alberta Street were included in the McLaren Park Master Plan, originally adopted by the Recreation and Park Commission in 1959. As shown in Attachment I, the McLaren Park walking trail currently crosses Lot 25. Thus, purchasing Lot 25 would secure continued travel along this portion of the park's walking trail. Mr. McDonald advises that Lot 26 currently contains a level access point from Alberta Street to the park's walking trail that has been used by nearby residents for many years. Mr. McDonald further advises that there is a hill at the end of Alberta Street that prevents easy access to the park through existing City-owned land. Thus, purchasing Lot 26 would secure continued level access to the park and its walking trail from Alberta Street.

According to Mr. McDonald, acquisition of the subject properties was initially identified in August of 2001 when the current property owners, Pei-Kuei Lee Wu, Shen Mu Wu and Tony Tsei Cheng Wen, installed a fence around Lot 26 in preparation to construct a single-family residence. Mr. McDonald reports that concerned citizens alerted the RPD when this fence blocked the access point to the park and its walking trail from Alberta Street. Up until August of 2001, the RPD thought that the City owned Lots 25 and 26 as part of McLaren Park, according to Mr. McDonald. Mr. McDonald further reports that the RPD contacted the property owners in September of 2001 and negotiated an Agreement of Purchase and Sale for both lots to ensure continued level access to the park and its walking trail from Alberta Street. The fence would be

removed from Lot 26 and level access to the park and its walking trail system from Alberta Street would be reinstated once the City purchases the properties from the current owners.

Mr. McDonald advises that the closest access points to the walking trail from a public roadway are 0.25 miles to the northeast from Wilde Avenue and 0.5 miles to the southwest from Visitacion Avenue.

The Department of City Planning reported by letter dated September 10, 2001 that the proposed acquisition is in conformity with the General Plan and is consistent with the Eight Priority Policies of Planning Code, Section 101.1. These Eight Priority Policies are listed in Attachment II, provided by the RED.

Comments:

1. According to Mr. Larry Ritter of the RED, the RED hired an independent appraiser to conduct an appraisal of the subject properties and concluded that the fair market value is $240,000, or approximately $48.00 per square foot. Thus, the proposed purchase price of $240,000 is equal to the estimated fair market value of the properties. The owners of the properties have agreed to the proposed price of sale and entered into an Agreement of Purchase and Sale.

2. Under the terms of the Agreement of Purchase and Sale, the City would pay an estimated $7,500 in closing costs, bringing the total cost of acquisition of the subject property to $247,500.

3. According to Mr. Ritter, no site assessment or remediation examination has been conducted on the subject properties. The properties have never been improved or developed, and thus are very unlikely to contain hazardous materials, according to Mr. Ritter.

4. According to Ms. Lisa Wayne of the RPD, an estimated $200 in annual maintenance costs associated with the subject sites is currently provided for in the RPD's Natural Areas Program budget. Since the RPD thought that the City already owned these properties, the City has paid to maintain the lots for many years. Thus, no new

maintenance costs would be associated with the purchase of the subject properties.

5. According to Ms. Susana Tan of the Assessor's Office, the assessed valuation of Lot 25, or 50 Alberta Street, is $97,669. Ms. Tan reports that the assessed valuation of Lot 26, or 52 Alberta Street, is $97,664. Based on the Fiscal Year 2001-2002 tax rate of $1.124 per $100 of assessed valuation, the annual taxes to be paid to the City on Lot 25 would be approximately $1,097.79 and on Lot 26 would be approximately $1,097.74, for a total of $2,195.53 in annual taxes. Once the City acquires the subject property, such property taxes would no longer be paid to the City.

6. The proposed resolution would authorize the Director of Property to enter into any additions, amendments and make certain modifications to the Purchase Agreement that do not increase the purchase price of the subject properties and are necessary in order to complete the proposed purchase. According to Mr. Ritter, such actions include amending the Purchase Agreement to (1) change the date by which the Board of Supervisors and the Mayor are to approve the subject resolution to purchase Lots 25 and 26 from December 28, 2001 to mid-January of 2002, and (2) change the date by which escrow would close from January 18, 2002 to early February of 2002.

Recommendation: Approve the proposed resolution.

Harvey M. Rose

Supervisor Leno
Supervisor Peskin
Supervisor Maxwell
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

maintenance costs would be associated with the purchase of the subject properties.

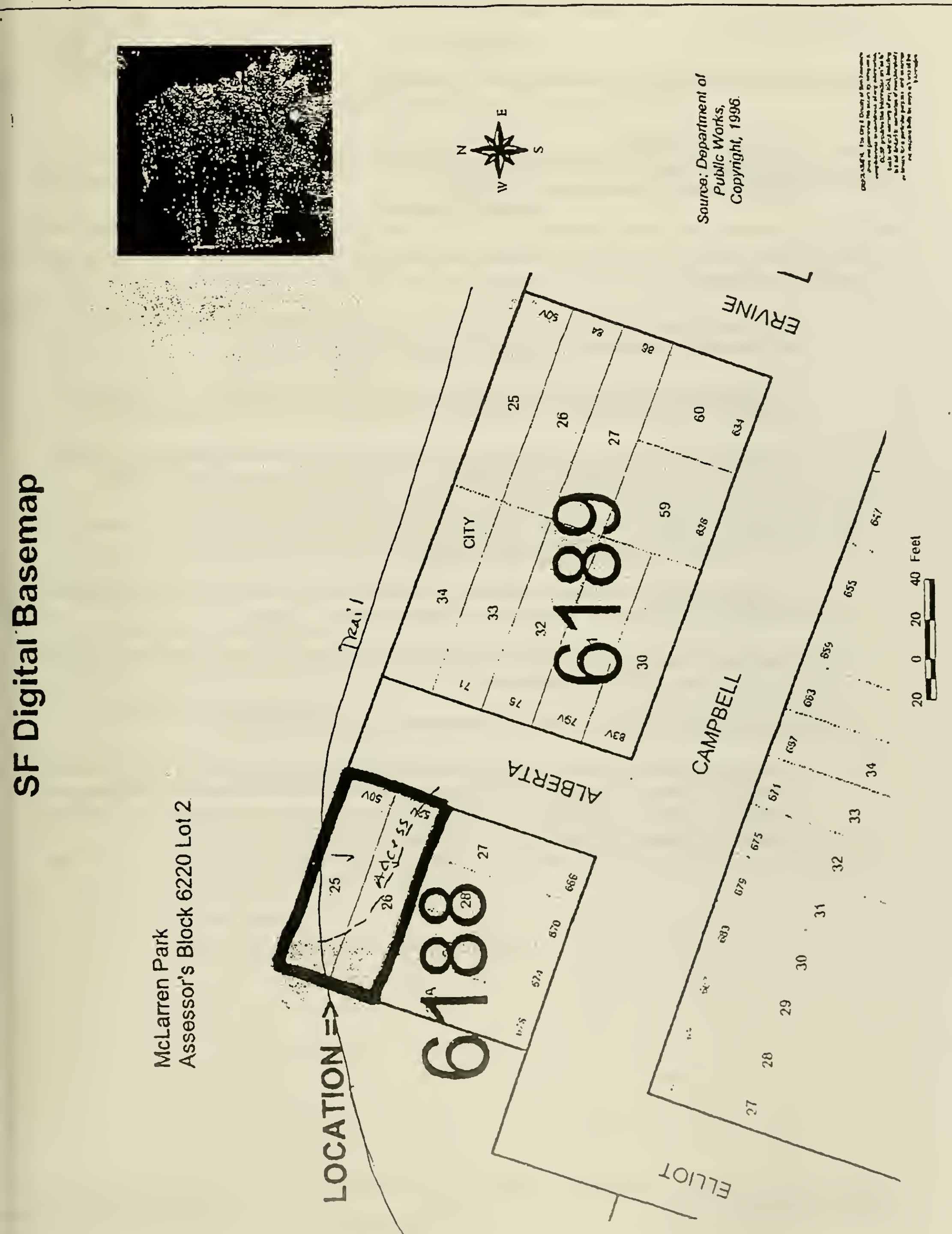
5. According to Ms. Susana Tan of the Assessor's Office, the assessed valuation of Lot 25, or 50 Alberta Street, is $97,669. Ms. Tan reports that the assessed valuation of Lot 26, or 52 Alberta Street, is $97,664. Based on the Fiscal Year 2001-2002 tax rate of $1.124 per $100 of assessed valuation, the annual taxes to be paid to the City on Lot 25 would be approximately $1,097.79 and on Lot 26 would be approximately $1,097.74, for a total of $2,195.53 in annual taxes. Once the City acquires the subject property, such property taxes would no longer be paid to the City.

6. The proposed resolution would authorize the Director of Property to enter into any additions, amendments and make certain modifications to the Purchase Agreement that do not increase the purchase price of the subject properties and are necessary in order to complete the proposed purchase. According to Mr. Ritter, such actions include amending the Purchase Agreement to (1) change the date by which the Board of Supervisors and the Mayor are to approve the subject resolution to purchase Lots 25 and 26 from December 28, 2001 to mid-January of 2002, and (2) change the date by which escrow would close from January 18, 2002 to early February of 2002.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

for Harvey M. Rose

Supervisor Leno
Supervisor Peskin
Supervisor Maxwell
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey


SF Digital Basemap
McLarren Park
Assessor's Block 6220 Lot 2
LOCATION =>
Trail
Access
CITY
6189
6188
ALBERTA
CAMPBELL
ERVINE
ELLIOT
Source: Department of Public Works, Copyright, 1996.
20 0 20 40 Feet

Eight Priority General Plan Policies

Re: ***Case No. 2001.0760R***
Proposed acquisition of 50 – 52 Alberta Street,
Lots 25 and 26 in Assessor's Block 6188

The subject project is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:

1. The project would have no adverse effect on neighborhood serving retail uses or opportunities for employment in or ownership of such businesses.

2. The project would have no adverse effect on the City's housing stock or on neighborhood character. Two undeveloped lots would be incorporated into the adjacent public park.

3. The project would have no adverse effect on the City's supply of affordable housing. While it would remove two lots from developing housing, the effect would not be adverse.

4. The project would not result in commuter traffic impeding Muni transit service or overburdening the streets or neighborhood parking.

5. The project would not adversely affect the industrial or service sectors or future opportunities for resident employment or ownership in these sectors.

6. The project would not adversely affect achieving the greatest possible preparedness against injury and loss of life in an earthquake.

7. The project would have no effect on landmarks or historic buildings.

8. The project would have no adverse effect on parks and open space or their access to sunlight and vistas. Acquisition of the property as proposed would result in a larger public open space that would also be more accessible to neighborhood residents by providing access and egress from existing City street rights-of-way.

City and County of San Francisco

Meeting Agenda

Finance Committee

Members: Supervisors Aaron Peskin and Sophie Maxwell

Clerk: Gail Johnson

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Wednesday, January 23, 2002 **10:00 AM** **City Hall, Room 263**

Regular Meeting

25
/02

Note: Each item on the Consent or Regular agenda may include the following documents:
1) Legislation
2) Budget Analyst report
3) Legislative Analyst report
4) Department or Agency cover letter and/or report
5) Public correspondence
These items will be available for review at City Hall, Room 244, Reception Desk.

Each member of the public will be allotted the same maximum number of minutes to speak as set by the Chair at the beginning of each item, excluding City representatives, except that public speakers using translation assistance will be allowed to testify for twice the amount of the public testimony time limit. If simultaneous translation services are used, speakers will be governed by the public testimony time limit applied to speakers not requesting translation assistance.

AGENDA CHANGES

REGULAR AGENDA

1. 012236 **[Appropriation - District Attorney]**
Mayor
Ordinance appropriating $275,237 from the General Fund Reserve to provide funding for the court ordered change of venue for the case of People of State of California v. Knoller, et al. for the District Attorney for fiscal year 2001-02. (Mayor)

(Fiscal impact.)

12/17/01, RECEIVED AND ASSIGNED to Finance Committee.

2. 020001 **[Amendment to Paratransit Broker Agreement]**

Supervisor Newsom

Resolution approving Amendment No. 2 to Paratransit Broker Agreement, to improve the ramped taxi program by leasing 24 ramped minivans to the Broker to be subleased to taxicab companies participating in the Paratransit Program, with guaranteed lease payments in the form of paratransit trips provided at no cost to the City; and to make other amendments updating the Agreement. (Public Transportation Commission)

12/21/01, RECEIVED AND ASSIGNED to Finance Committee.

3. 020052 **[IHSS Contract Modification Approval - IHSS Consortium of San Francisco]**

Resolution approving the modification of the contract between the City and County of San Francisco and the IHSS Consortium of San Francisco for the provision of In-Home Supportive Services for the period from February 1, 2002 to June 30, 2004, in the amount of $18,458,757, for a total contract amount of $47,673,130. (Human Services Department)

1/9/02, RECEIVED AND ASSIGNED to Finance Committee.

4. 012281 **[Airport Concession Lease]**

Resolution approving a lease and operating agreement for operating the Self Service Luggage Cart Program, Between Smarte Carte, Inc., and the City and County of San Francisco, Acting by and through its Airport Commission. (Airport Commission)

12/19/01, RECEIVED AND ASSIGNED to Finance Committee.

1/9/02, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Deputy Director, San Francisco Airport; Lou Cesario, Director of Operations and Development, Smart Carte, Inc.; John Kennedy, Deputy City Attorney; Daniel Lynch, Business Representative, Teamsters Local 665.
Continued to 1/23/02.

5. 012283 **[2002 Water Revenue Refunding Bonds Issuance]**

Resolution approving the issuance of not to exceed $100,000,000 aggregate principal amount of San Francisco water revenue refunding bonds to be issued by the Public Utilities Commission of the City and County of San Francisco; affirming covenants contained in the indenture pursuant to which the water revenue refunding bonds are issued; and authorizing the taking of appropriate actions in connection therewith; and related matters. (Public Utilities Commission)

12/19/01, RECEIVED AND ASSIGNED to Finance Committee.

6. 020046 **[Bay Area Cellular Telephone Company dba AT&T Wireless Lease]**

Resolution authorizing and approving a lease of cellular transmitter space at the Fire Station 30 (inactive) at 1300 4th Street to Bay Area Cellular Telephone Company dba AT&T Wireless. (Real Estate Department)

1/9/02, RECEIVED AND ASSIGNED to Finance Committee.

7. **020047** **[Sprint Spectrum Limited Partnership Transmitter Lease]**

Resolution authorizing and approving a lease of cellular transmitter space at the Mental Health Rehabilitation Facility at San Francisco General Hospital to Sprint Spectrum Limited Partnership. (Real Estate Department)

1/9/02, RECEIVED AND ASSIGNED to Finance Committee.

8. **020048** **[Metro PCS Transmitter Lease]**

Resolution authorizing and approving a lease of cellular transmitter space at the Fire Station 40 at 2155 18th Avenue; Fire Station 6 at 135 Sanchez Street, and Fire Station 15 at 1000 Ocean Avenue, San Francisco to Metro PCS. (Real Estate Department)

1/9/02, RECEIVED AND ASSIGNED to Finance Committee.

9. **020085** **[Revenue Enhancement Working Group]**

Supervisor Ammiano

Motion urging the Mayor, the Controller, the Treasurer and the City Attorney to form a Revenue Enhancement Working Group in conjunction with the Board of Supervisors to consider mechanisms to enhance collection of money owed City departments and to consider appropriate fee levels for Department services.

1/14/02, RECEIVED AND ASSIGNED to Finance Committee.

10. **020059** **[Reserved Funds, Human Resources Department]**

Hearing to request release of reserved funds, Department of Human Resources (Fiscal Year 2001-02 Budget), in the amount of $12,716,850 to fund the remaining salary and fringe benefits for the Special Assistant positions. (Human Resources Department)

1/11/02, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the January 30, 2002 meeting.

ADJOURNMENT

IMPORTANT INFORMATION

NOTE: Persons unable to attend the meeting may submit to the City, by the time the proceeding begins, written comments regarding the agenda items above. These comments will be made a part of the official public record and shall be brought to the attention of the Board of Supervisors. Any written comments should be sent to Committee Clerk, Finance Committee, San Francisco Board of Supervisors, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, California 94102 by 5:00 p.m. on the day prior to the hearing. Comments which cannot be delivered to the committee clerk by that time may be taken directly to the hearing at the location above.

LEGISLATION UNDER THE 30-DAY RULE

(Not to be considered at this meeting)

Rule 5.42 provides that when an ordinance or resolution is introduced which would CREATE OR REVISE MAJOR CITY POLICY, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. The provisions of this rule shall not apply to the routine operations of the departments of the City or when a legal time limit controls the hearing timing. In general, the rule shall not apply to hearings to consider subject matter when no legislation has been presented, nor shall the rule apply to resolutions which simply URGE action to be taken.

There are no items now pending under the 30 day rule.

Meeting Procedures

The Board of Supervisors is the Legislative Body of the City and County of San Francisco. The Board has several standing Committees where ordinances and resolutions are the subject of hearings at which members of the public are urged to testify. The full Board does not hold a second public hearing on measures which have been heard in committee.

Board procedures do not permit: 1) persons in the audience at a Committee meeting to vocally express support or opposition to statements by Supervisors or by other persons testifying; 2) ringing and use of cell phones, pagers, and similar sound-producing electronic devices; 3) signs to be brought into the meeting or displayed in the room; 4) standing in the meeting room.

Citizens are encouraged to testify at Committee meetings and to write letters to the Clerk of a Committee or to its members, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102.

Agenda are available on the internet at www.ci.sf.ca.us/bdsupvrs.bos.htm.

THE AGENDA PACKET IS AVAILABLE FOR REVIEW AT CITY HALL, ROOM 244, RECEPTION DESK.

Board meetings are televised on channel 26. For video tape copies and scheduling call (415) 557-4293.

Requests for language translation at a meeting must be received no later than noon the Friday before the meeting. Contact Ohn Myint at (415) 554-7704.

AVISO EN ESPAÑOL: La solicitud para un traductor en una reunion debe recibirse antes de mediodia de el viernes anterior a la reunion. Llame a Erasmo Vazquez (415) 554-4909.

翻譯 *必須在會議前最少四十八小時提出要求*
請電 (415) 554-7701

Disability Access

Both the Committee Room (Room 263) and the Legislative Chamber are wheelchair accessible. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #47 Van Ness, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.

There is accessible parking in the vicinity of City Hall at Civic Center Plaza and adjacent to Davies Hall and the War Memorial Complex.

The following services are available when requested by 4:00 p.m. of the Friday before the Board meeting:

For American Sign Language interpreters, use of a reader during a meeting, or sound enhancement system, contact Ohn Myint at (415) 554-7704.

For a large print copy of agenda or minutes in alternative formats, contact Annette Lonich at (415) 554-7706.

The Clerk of the Board's Office TTY number for speech-hearing impaired is (415) 554-5227.

In order to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall; by mail to Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 409, by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at Donna_Hall@ci.sf.ca.us

Citizens may obtain a free copy of the Sunshine Ordinance by contacting Ms. Hall or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.ci.sf.ca.us/bdsupvrs/sunshine.htm

FINANCE COMMITTEE
S.F. BOARD OF SUPERVISORS
CITY HALL, ROOM 244
1 DR. CARLTON GOODLETT PLACE
SAN FRANCISCO, CA 94102-4689

IMPORTANT HEARING NOTICE!!!

.25

/02

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

January 17, 2002

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: January 23, 2002 Finance Committee Meeting

Item 1 - File 01-2236

Department: District Attorney

Item: Ordinance appropriating $275,237 from the General Fund Reserve to provide funding to the District Attorney for the Court-ordered change of venue for the case of People of State of California v. Knoller, et al.

Amount: $275,237

Source of Funds: General Fund Reserve

Description: The District Attorney is prosecuting Ms. Marjorie Knoller and Mr. Robert Noel for involuntary manslaughter and keeping vicious dogs and is also prosecuting Ms. Knoller for second-degree murder in the death of Ms. Diane Whipple. In September of 2001, the case of the People of the State of California v. Knoller, et al. was moved from San Francisco to Los Angeles by order of San Francisco Superior Court Judge James Warren. The change in venue came as a result of a defense motion to move the trial based in part on a defense-sponsored survey which found that 71 percent of potential jurors in San Francisco had already concluded that the defendants were either definitely guilty or probably guilty.

The trial is scheduled to begin with jury selection on January 24, 2002 and is expected to last at least 10 weeks. The change of venue requires that the District Attorney's Office prosecution team relocate to Los Angeles for the duration of the trial. The District Attorney is requesting a supplemental appropriation in the amount of $275,237 for living accommodations, transportation, office supplies and equipment, messenger services, temporary support staff and other trial related expenses for the trial in Los Angeles.

Budget:

Attachment I, provided by the District Attorney's Office, provides budget details in the amount of $228,587, or $46,650 less than the requested amount of $275,237. (See Comment No. 7)

Comments:

1. Ms. Teresa Serata of the District Attorney's Office reports that the trial is expected to last at least 10 weeks, but because it is difficult to estimate the duration of the trial, it could last more or less than 10 weeks. According to Ms. Serata, it is unlikely that the trial will be less than 10 weeks. However, Ms. Serata states that if the trial is shorter, the District Attorney's Office will return the unused portion of the subject requested funds to the General Fund Reserve. If the case continues beyond the estimated 10 weeks and if more funds are needed, Ms. Serata reports, the District Attorney's Office will request that additional funds be appropriated by the Board of Supervisors.

2. Ms. Serata reports that the prosecution team working in Los Angeles for the trial will consist of three attorneys, two District Attorney investigators, one paralegal, two temporary investigators/paralegals and one legal secretary, for a total of 9 positions. Ms. Serata reports that the District Attorney's Office will hire the two temporary 8132 Assistant District Attorney Investigators/Paralegals at a total cost of $18,038 (including $16,740 in temporary salaries and $1,298 for Social Security, Medicare and Unemployment Insurance) for the estimated 10 week duration of the trial as shown in the attached budget. Ms. Serata reports that the two temporary investigators are law students who are currently interning in the District Attorney's office. Ms. Serata further advises that the two law students are not

currently being paid a salary, but will be brought on as temporary 8132s for the trial. According to Ms. Serata, the prosecution team needs two investigators in Los Angeles because one will be coordinating witnesses throughout the trial and the second will be doing onsite research and other tasks for the attorneys. Upon conclusion of the trial, Ms. Serata states that the two temporary 8132 positions will be terminated. In addition, one legal secretary, residing in the Los Angeles area, will be retained at an estimated cost of $12,000 through a temporary services firm located in Los Angeles for the duration of the trial. Further details are included in Attachment II, provided by the District Attorney's Office.

3. Ms. Serata reports that the District Attorney's Office will be renting five one-bedroom apartment units in Los Angeles for the estimated 10 week duration of the trial at an estimated total cost of $31,700 as shown in the attached budget.

According to Ms. Serata, the five one-bedroom apartment units will provide accommodations for the eight staff members who would relocate from San Francisco to work in Los Angeles. As shown in Attachment II, the District Attorney's Office has budgeted $31,700 for rent for the five apartment units, or $575 per week per apartment for ten weeks, or $2,875 per week for all five units at a total cost of $28,750. In addition, $2,500 has been budgeted for security deposits for the five apartment units ($500 per unit), which is refundable; $375 for set up fees to clean and prepare the five apartments for occupancy at $75 per unit, which is not refundable; and $75 for the application fee, which is not refundable, for a total estimated amount of $31,700.

4. According to Ms. Serata, the $115,000 budgeted for Litigation Expenses includes trial exhibit preparation, such as printing and reproduction, the transportation and accommodations for trial and expert witnesses and other related trial costs. Ms. Serata states that the District Attorney's Office is unable to provide additional budget details to the Budget Analyst on Litigation Expenses because it would compromise the prosecution team's

strategy for the trial. According to Ms. Serata, the District Attorney's Office is prepared to provide any additional details to the Finance Committee in closed session if requested to do so by the Finance Committee.

5. Ms. Serata reports that the District Attorney's Office will drive two City-owned automobiles to Los Angeles and rent two additional automobiles in Los Angeles for the duration of the trial at a rental cost of $250 per automobile per week, for a total of $5,000 for the two rented automobiles for ten weeks. The District Attorney's Office has budgeted a total of $2,000 for fuel, or $50 each for four automobiles for ten weeks. According to Ms. Serata, the reason the District Attorney's Office cannot relocate two additional City-owned automobiles to Los Angeles for a total of four, and instead is renting two automobiles, is because the District Attorney's Office does not have sufficient available automobiles to relocate all four automobiles to Los Angeles. Further, Ms. Serata reports that many of the District Attorney's automobiles are grant-funded and therefore cannot be taken to Los Angeles for this trial. In addition, Ms. Serata states that the District Attorney's Office has several Compressed Natural Gas automobiles, which are not appropriate for the long-distance drive to Los Angeles.

6. Ms. Serata reports that although the defendants requested separate trials, Superior Court Judge James Warren has denied the defense motion and therefore the case will proceed as one trial.

7. The proposed supplemental appropriation was originally budgeted for $275,237. Based on inquiries of the Budget Analyst, the District Attorney's Office has proposed a reduced budget in the amount of $228,587 or $46,650 less than the budget as previously submitted to the Board of Supervisors. This reduction of $46,650 includes: (a) a $29,900 reduction in Rental Property, from $61,600 to $31,700; and (b) a $16,750 reduction in Equipment Rental, from $20,000 to $3,250. The $3,250 for Equipment Rental includes a copier and a fax as shown in Attachment II. The Budget Analyst therefore recommends amending the ordinance to reduce the amount

appropriated by $46,650 from $275,237 to $228,587. The District Attorney's Office concurs with this recommendation.

8. Ms. Serata reports that the District Attorney's Office has already incurred and/or obligated a total of $39,275 of the requested amount of $228,587. The $39,275 already obligated includes: $31,700 for the rental of five apartment units; $2,300 for transportation and accommodations; $5,000 for litigation expenses; and $275 for a fax machine. According to Ms. Serata, such expenditures and obligations were incurred prior to obtaining approval of the Board of Supervisors because it was necessary to make arrangements for accommodations and other preparations for the trial in order to be ready for jury selection beginning on January 24. The Budget Analyst considers the approval of such retroactive costs and obligations to be a policy decision for the Board of Supervisors.

Recommendations:

1. Amend the proposed ordinance to provide for retroactivity.

2. Amend the proposed ordinance to reduce the requested supplemental appropriation by a total of $46,650 from $275,237 to $228,587 (line 16, page 1), by reducing the amount for Property Rent (line 15, page 2) by $29,900, from $61,600 to $31,700 and reducing the amount for Office Machine Rental (line 19, page 2) by $16,750, from $20,000 to $3,250, as discussed in Comment No. 7 above.

3. Approve the proposed supplemental appropriation in the amount of $189,312 ($228,587 less $39,275 in retroactive expenditures).

4. Because of retroactivity, approval of $39,275 of this $228,587 request is a policy decision for the Board of Supervisors, as discussed in Comment No. 8 above.

CHAR/SUBOBJECT	DESCRIPTION OF APPROPRIATION	AMOUNT	REVISED BUDGET
001/00501	Temporary Salaries	$16,740	$16,740
	2 - 8132 Assistant District Attorney Investigators		
	$1,674 bw x 5 payperiods x 2 FTE		
013/01401	Social Security Tax (6.2%)	$1,038	$1,038
013/01402	Social Security-Medicare (1.45%)	$243	$243
013/01701	Unemployment Insurance (0.10%)	$17	$17
021/02102	Travel Costs Paid To Vendors	$15,600	$15,600
	Travel for prosecution team to and from Los Angeles		
	$200 round trip airfare for 10 trips for 6 staff		
	$200 round trip airfare for 9 trips for 2 staff		
021/02731	Professional Services-Legal Services	$12,000	$12,000
	Funding for a temporary legal secretary in Los Angeles		
	$30 per hour x 400 hours		
021/03011	Rental Property	$61,600	$31,700
	Housing for prosecution team (8 members) for 10 weeks		
021/03121	Rental Vehicles	$5,000	$5,000
	Rent 2 vehicles for 10 weeks in Los Angeles		
021/03131	Equipment Rental	$20,000	$3,250
	Rental of office equipment for 10 weeks		
021/03241	Telephone	$9,000	$9,000
	Installation and usage of 6 telephones for 10 week trial		
021/03411	Subsistence	$12,000	$12,000
	Food allowance for 8 prosecution team members		
	$30 per day for 10 weeks		
021/03521	Messenger Services	$500	$500
021/03542	Court Reporter Transcripts Services	$2,500	$2,500
021/05321	Litigations Expenses	$115,000	$115,000
040/04799	Fuel	$2,000	$2,000
	Fuel for rental and investigator vehicles		
	$50 per week x 10 weeks x 4 vehicles		
040/04951	Office supplies	$2,000	$2,000
	TOTAL SUPPLEMENTAL APPROPRIATION REQUEST	$275,237	$228,587

Source: San Francisco District Attorney's Office

MEMORANDUM

DATE: January 15, 2002

TO: Sarah Graham
Board of Supervisor's Budget Analyst Office

FROM: Teresa Serata
District Attorney's Office

SUBJECT: Response to Questions Regarding Supplemental Appropriation

Per our previous conversations, I am providing additional information pertaining to our supplemental appropriation request for $275,237 to cover the additional costs related to the People of the State of California v. Knoeller, et al. trial due to the change of venue.

The trial is set to begin on January 24, 2002 starting with the selection of the jury. In order to prepared for court on Tuesday, our prosecution team is scheduled to relocate to Los Angeles on January 17, 2002. We expect the trial team to be in Los Angeles for 10 weeks.

The defense has made a motion for separate trials for the two defendants. However, on Tuesday, January 15, 2002 the judge determined that the case would proceed as one trial. The supplemental appropriation request only reflects the additional costs related to one trial.

The Los Angeles District Attorney's Office is graciously providing office space for our team. We are sending two members of the team to Los Angeles this week to do a site visit of the office space, court building, and related facilities, conduct a final needs assessment for the trial team, and handle any logistical issues.

Temporary Salaries: We are planning to hire two temporary 8132-Assistant District Attorney Investigators/Paralegals to provide trial support to the team in Los Angeles. The individuals we plan to hire are unpaid interns who have been assisting the attorneys and are familiar with the case. We will fill the positions effective January 17, 2002, the day the team plans to relocate to Los Angeles, and will only need the temporary staff during the course of the trial, which we anticipate to be 10 weeks ($1,674 bw x 5 payperiods x 2 FTE).

One 8132-Assistant District Attorney Investigators/Paralegal will be responsible for coordinating the transportation and accommodation arrangements for the witnesses. The other will be

responsible for ensuring the office is functional during the trial, e.g., copying, filing, and maintaining documents and trial materials.

Professional Services: We plan to obtain the services of a legal secretary through a temporary agency in Los Angeles. The legal secretary will provides services such transcribing (as needed), and word processing legal documents, e.g., jury instructions.

Rental Property: We are renting 5 apartments for 8 staff. The cost for each unit is as follows:

$5,750	rent for 10 weeks ($2,300/month)
500	security deposit (refundable)
75	set up fee (non refundable)
$6,325	per unit for 10 weeks

5 units x $6,325 per unit =	$31,625 for 10 weeks
Plus 1x application fee	75 (non refundable)
TOTAL Rental Property	$31,700

To date, we issued a check for $1,300 as a deposit for the rental units.

Rental Vehicles: We will rent two vehicles ($250/week x 10 weeks) and drive two city vehicles.

Rental Equipment: We originally assumed that we would have to rent computers, printers, copiers, transcribers, and facsimile machines. The Los Angeles District Attorney's Office is setting up an office for us, which includes four computers and printers. It is more economical to buy a facsimile machine than to rent one. It costs $75-100/month to rent a facsimile machine and $250 to purchase. We decided to buy one instead of rent.

Copier	$3,000 for 10 weeks ($1,200 per month)
FAX	250 to purchase
Total	$3,250 for 10 weeks

Litigation Expenses: The expenditures related to this line item are confidential. In general, these expenses are for transportation, accommodations, and per diem for witnesses, and trial exhibit preparation and reproduction.

If you have additional questions, please contact me at 553-1895.

Thank you for your assistance in this matter.

Item 2 - File 02-0001

Department: Municipal Transportation Agency (Muni)

Item: Resolution approving Amendment No. 2 to the City's Paratransit Broker Agreement between Muni and Intelitran.

Amount: $860,523

Source of Funds:

State of California Bridge Toll Funds	$172,105
Federal Transit Administration	688,418
	$860,523

Budget: The Attachment, provided by Muni, provides budget details for the project costs of $860,523, including the acquisition costs of $815,205 to purchase 24 ramped minivans at $33,966.86 each. The budget for procurement of the ramped minivans includes $7,986 for Administrative Expenses and $25,000 for Engineering Time Charges. According to Ms. Williams these charges, in the total amount of $32,986, are for Muni's project management costs for procuring the 24 new ramped minivans.

Description: Paratransit services are door-to-door taxi and van services provided to City residents who are elderly or disabled and are certified for such services based on the Americans with Disabilities Act (ADA) eligibility criteria and are unable to utilize regular Muni transit routes. Muni entered into the current Paratransit Broker Agreement with COMSIS Mobility Services, Inc. dba Intelitran (Intelitran) on May 8, 2000. Muni selected Intelitran for a five-year Paratransit Broker Agreement in the amount of $66,333,277, through a competitive selection process. That agreement was previously approved by the Board of Supervisors in February of 2000 (File No. 00-0045).

The proposed resolution would amend the current Paratransit Broker Agreement through Amendment No. 2 to provide for the Paratransit Broker to manage 24 new ramped minivans to be purchased by the City at a cost of $33,966.86 each, to replace the 28 ramped minivans

currently used in the Paratransit Program. A ramped minivan is a minivan equipped with a ramp that facilitates access for people with disabilities. As is the case under the current Paratransit Broker Agreement, the 24 replacement ramped minivans will be leased by Muni to the Paratransit Broker, Intelitran, over a three-year period. Intelitran would then sublease the ramped minivans over a three-year period to taxicab companies chosen through a request for proposal process. According to Ms. Annette Williams of Muni, the Paratransit Broker, Intelitran, conducts the RFP, with one representative of Muni, one representative of Intelitran and three members of the Paratransit Coordinating Council on the evaluation committee.

The proposed Amendment No. 2 also authorizes Intelitran to pay taxicab companies for paratransit trips on a bimonthly basis instead of providing payments once a month to such companies. Amendment No. 2 also requires the taxicab companies to comply with the City's Minimum Compensation Ordinance and with the City's Health Care Accountability Ordinance. Ms. Williams states that these amendments to the Paratransit Broker Agreement are intended to streamline the billing and payment process for Intelitran and participating taxicab companies and to bring the Agreement into compliance with City ordinances.

Comments:

1. According to Ms. Kate Toran of Muni, the subject Amendment to the Paratransit Broker Agreement provides for Intelitran to manage the 24 new ramped minivans to be purchased by the City because the 28 ramped minivans currently used have reached the end of their useful life. Ms. Williams reports that the Taxicab Commission set the term of useful life for ramped minivans used in the Paratransit Program to be three years and that the term of useful life of the current ramped minivans would have expired on December 31, 2001. However the Taxicab Commission granted a one-year extension allowing the use of the 28 ramped minivans until December 31, 2002. Ms. Williams further advises that the Paratransit Program originally procured 30 ramped minivans in 1998, but two of the ramped

minivans were damaged in accidents in 2001 and are no longer used, leaving 28 ramped minivans currently used. According to Ms. Williams, Muni is only replacing 24 of the original 30 ramped minivans because there is only Federal and State funding available for only 24 ramped minivans. Ms. Williams states that taxicab companies and other individuals who are authorized by the City to operate taxicabs own additional ramped minivans and Muni does not anticipate any reduction in overall ramped taxi service as a result of the reduction of City-owned ramped minivans from the presently utilized 28 minivans to 24 minivans.

2. Ms. Williams advises that the $860,523 in State and Federal funds for the 24 ramped minivans was included in Muni's FY 2001-2002 budget and was previously approved by the Board of Supervisors.

3. Under the proposed Amendment No. 2, Muni would receive sublease payments from the taxicab companies of at least $625 per ramped minivan per month, for the term of the lease. Ms. Williams reports that the minimum monthly payment of $625 was calculated to be the average cost per month to a taxicab company to acquire a regular sedan taxicab. According to Ms. Williams, a regular sedan taxicab would cost approximately $22,500, or $625 per month over a three year (36 month) period. Based on lease payments of at least $625 per month, Ms. Williams reports that Muni will receive at least $540,000 in sublease payments from the taxicab companies for the 24 vehicles over the three year useful life of the ramped minivans. According to Ms. Williams, the taxicab companies participate in a competitive bidding process for the subleases for the ramped minivans and Muni could receive more than $625 per vehicle per month in sublease payments if the winning bids were for a higher amount. Ms. Williams further states that taxicab companies cannot bid less than $625 per vehicle per month.

Ms. Williams reports that the sublease payments are designed to maximize the number of ramped minivan trips to be provided by the Paratransit Program and that the sublease payments will not fully reimburse the total

subject costs of $860,523, which would be financed from State and Federal funds. Ms. Williams reports that Muni will use the estimated $540,000 in lease revenues to fund operating costs of the Paratransit Program. Ms. Williams further advises that the revenue generated by the taxicab subleases has previously been included in Muni's annual budget for the Paratransit Program.

4. Ms. Williams reports that Intelitran will retain a private firm at an estimated cost of $28,800 to serve as an independent inspection agency to inspect each ramped minivan approximately twice annually for the three year duration of useful life. According to Ms. Williams, the estimated $28,800 will be provided from Broker Administration costs included in the Paratransit Program.

Recommendation: Approve the proposed resolution.

Budget for Ramp Taxi Procurement

Uses

Cost per ramped minivan	$33,966.86	
Number of ramped minivans	24	
Total cost for 24 ramped minivans		$815,205
State of California inspection services		12,332
Administrative Expenses		7,986
Engineering Time Charges		25,000
Total		$860,523

Sources

Federal Transit Administration funds	$688,418
State of California Bridge Toll funds	$172,105
Total	$860,523

Other costs associated with the ramp taxi procurement:

Inspection of the vehicles, at least annually. The cost estimated at $28,800, and not to exceed $30,000, over the term of the lease, payable by Intelitran.

Source: Municipal Transportation Agency

Item 3 - Files 02-0052

Department: Department of Human Services (DHS)

Item: Resolution approving the modification of the contract between the City and the In-Home Supportive Services (IHSS) Consortium of San Francisco for the provision of In-Home Supportive Services for the period from February 1, 2002 to June 30, 2004, increasing the existing contract amount of $29,214,373 by $18,458,757 to $47,673,130.

Modified Contract Amount: Not to exceed $47,673,130, an increase of $18,458,757

Budget: Attachment I, provided by the Department of Human Services (DHS), is a 36-month budget for the total proposed $47,673,130 contract, from July 1, 2001 through June 30, 2004, and separately identifying the $18,458,757 proposed increase to the existing contract amount of $29,214,373. Under the existing $29,214,373 contract with IHSS Consortium, the IHSS Consortium provides intensive supervision in-home supportive services. The existing three-year DHS contract with the IHSS Consortium in the amount of $29,214,373 was previously approved by the Board of Supervisors on July 23, 2001 (File 01-1092). The subject proposed increased amount of $18,458,757 would authorize an amended contract with the IHSS Consortium for the IHSS Consortium to also provide regular supervision in-home supportive services.

Source of Funds: A combination of General Fund monies (22 percent) and Federal funds (78 percent). The sources of funding for the $18,458,757 increase to the existing contract amount, as provided by DHS, are as follows:

General Fund monies included in DHS's FY 2001-2002 budget in the amount of $700,160 and projected for the FY 2002-2003 and FY 2003-2004 budgets in the amount of $1,680,383 each year	$4,060,926 (22.0%)
Federal and State Medicaid Funds included in DHS's FY 2001-2002 budget in the amount of $2,482,385 and projected for the FY 2002-2003 and FY 2003-2004 budgets in the amount of $5,957,723 each year	14,397,831 (78.0%)
TOTAL	**$18,458,757**

Term of Contract Modification: 29 months from February 1, 2002 through June 30, 2004

Description: In-Home Supportive Services (IHSS) is an entitlement program which provides funding for low-income seniors and disabled persons to receive non-medical personal care and other household assistance in their homes from visiting workers. IHSS care can allow seniors and disabled persons to remain in their own homes and thereby avoid unnecessary and expensive hospitalization or institutionalization.

IHSS services are provided by either independent providers or contracted providers. All IHSS services are funded by a combination of City General Fund monies and State and Federal Medicaid funds. According to Mr. David Curto of the DHS, since 1994 the contractual IHSS services have been divided into two separate contracts, one for intensive supervision services and one for regular supervision services. Mr. Curto advises that the difference between the two levels of service is that intensive supervision services include case management in addition to household chores and personal care services whereas the regular supervision services do not include case management. Mr. Curto explains that case management involves an assessment, referral and follow-up with persons receiving in-home supportive services to link them to additional supportive services which are not provided under these contracts.

In July of 1998, the Board of Supervisors approved two contracts for IHSS services, one with Addus Healthcare, a

private for-profit provider, to provide regular supervision services and one with the IHSS Consortium[1], a nonprofit agency, to provide intensive supervision services for the 35-month period from August 1, 1998 to June 30, 2001, with an option to renew for one additional year (Files 98-934 and 98-935). According to Mr. Curto, two separate Request for Proposals (RFPs) for (1) a new regular supervision IHSS contract and (2) a new intensive supervision IHSS contract were initially issued on February 14, 2001, prior to the expiration of the two contracts which expired on June 30, 2001.

On July 23, 2001, the Board of Supervisors approved the intensive supervision IHSS contract with the IHSS Consortium in the amount of $29,214,373 for the three-year period from July 1, 2001 through June 30, 2004 (File 01-1092). According to Mr. Curto, the IHSS Consortium was the only service provider to submit a proposal to DHS in response the RFP issued on February 14, 2001 for the intensive supervision IHSS contract.

Mr. Curto reports that both the IHSS Consortium and Addus submitted proposals in response to the RFP also issued on February 14, 2001 for the regular supervision IHSS contract. Mr. Curto reports that the regular supervision contract was tentatively awarded to the IHSS Consortium on April 17, 2001. However, Addus subsequently filed a formal protest to that RFP process. In a January 14, 2002 memorandum to the Budget Analyst (Attachment II), Mr. Curto explains that in response to this protest, DHS initiated negotiations between Addus and the IHSS Consortium to determine if those two contractors could share the regular supervision IHSS contract. As stated by Mr. Curto in Attachment II, IHSS Consortium and Addus were not able to reach an agreement to share this contract. As a result and in accordance with the request of the Finance Committee, DHS issued a new RFP for the regular supervision IHSS contract on October 24, 2001. According to Mr. Curto, the regular supervision IHSS

[1] The IHSS Consortium is an association of nonprofit agencies which includes the Independent Living Resource Center, Self-Help for the Elderly, Mission Neighborhood Center, Kimochi, Inc., Bayview-Hunters Point Multipurpose Senior Services Center, Catholic Charities and Western Addition Senior Citizens Service Center.

contract was publicized on the City's website and in the nine newspapers listed in Attachment III, provided by DHS.

Of the four firms that submitted proposals to DHS to provide regular supervision services in response the DHS October 24, 2001 RFP, namely IHSS Consortium, Addus, Nurse Providers and Maxim, IHSS Consortium received from the four panelists a total of 366 points. The next highest score was Addus which received 355 points as shown in Attachment IV, provided by DHS. As shown in Attachment V, provided by DHS, the hourly rates of IHSS Consortium were lower than the hourly rates of Addus in each of the fiscal years covered by the proposed modified contract.

The proposal submitted by the IHSS Consortium to provide regular supervision services was originally in the amount of $18,883,418, or $424,661 more than the proposed contract modification of $18,458,757. This contract would be increased for the 29-month period from February 1, 2002 to June 30, 2004 (a) by $18,458,757, or approximately 63.2 percent, from $29,214,373 to $47,673,130, and (b) by 906,250 hours of regular supervision services, or 66.6 percent, from 1,360,000 hours to provide intensive supervision services to 2,266,250 hours to provide both intensive supervision and regular supervision services. Furthermore, this contract modification which, as noted above, is $424,661 less than the originally proposed amount, reflects the results of further negotiations between DHS and the IHSS Consortium, such that under the proposed contract modification, both intensive and regular supervision services would be provided by IHSS Consortium at one composite hourly rate of $20.32 for the period of February 1, 2002 through June 30, 2002 instead of an hourly rate of $20.88 for intensive supervision services as currently provided by IHSS Consortium.

Mr. Curto reports that the total number of hours under the proposed modified contract is 2,266,250 including 1,360,000 hours to provide intensive supervision and 906,250 hours to provide regular supervision. The total number of hours times the new negotiated hourly rates for both intensive and regular supervision plus the amount already spent through December 31, 2002 at the old rate for only intensive supervision equals the new modified contract amount of $47,673,130, as follows:

	7/1/01 - 1/31/02	2/1/02 - 6/30/02	7/1/02 - 6/31/03 (FY 2002 - 2003)	7/1/03 - 6/30/04 (FY 2002 - 2003)	7/1/01 - 6/30/04
Approximate Average Rate	$20.878	$20.325	$20.89	$21.482	$21.036
Estimated Number of Hours	239,167	327,083	825,000	875,000	2,266,250
Total Amount	$4,994,299	$6,647,952	$17,234,366	$18,796,513	$47,673,130

The Human Services Commission approved the proposed contract modification with IHSS Consortium on December 21, 2001.

Comments:

1. As shown in Attachment II, the total composite hourly rate to be charged to DHS by IHSS Consortium under the subject modification for the provision of both intensive and regular supervision services, which includes benefits, training, travel, insurance, and administrative costs, as well as worker wages, would be $20.32 for the period of February 1, 2002 through June 30, 2002. This hourly rate is an increase of $1.20, or 6.3 percent, from $19.12 to $20.32, for the regular supervision services currently provided by Addus under a seven-month extension to their prior three-year contract that expires on January 31, 2002. Regular supervision services totaling $18,458,757 would account for 38.7 percent of the modified total contract amount of $47,673,130. However, the proposed new composite hourly rate of $20.32 for the period of February 1, 2002 through June 30, 2002 is a decrease of $0.56, or 2.7 percent, from $20.88, for the intensive supervision services currently provided by IHSS Consortium. Intensive supervision services totaling $29,214,373 would account for 61.3 percent of the modified total contract amount.

Regular supervision service hours totaling 906,250 would account for approximately 40 percent of the modified total contract hours of 2,266,250. Intensive supervision service hours totaling 1,360,000 would account for approximately 60 percent of the modified total contract hours.

Mr. Curto advises that all workers performing regular and intensive supervision services would be paid in accordance with the City's Minimum Compensation Ordinance.

2. Because a new regular supervision contract was not awarded upon the expiration of DHS's three-year contract with Addus on June 30, 2001, a contract extension with Addus was approved by the Finance Committee and the full Board of Supervisors (File 01-1561) for the seven-month period from July 1, 2001 through January 31, 2002. That extension increased the contract by $4,182,526, from $17,197,171 to $21,379,697 in order to prevent a disruption of service to clients. This extension was approved by the Board of Supervisors in October of 2001.

3. Under the proposed contract modification, IHSS Consortium would provide 31,250 hours per month of regular supervision services, or 375,000 hours per year over the 29-month term of the proposed modified contract, which is the same number of monthly hours provided under the prior 35-month contract and the seven-month contract extension with Addus.

4. On October 24, 2001, DHS issued a new RFP for the regular supervision IHSS contract. As shown in Attachment III, the IHSS Consortium, Addus Healthcare, Nurse Providers Inc. and Maxim Healthcare Services Inc. submitted proposals to DHS for the provision of regular supervision in-home supportive services. Mr. Curto states that four panelists representing the National Council on the Aging, the State Department of Social Services Adult Programs, Premier Medical Services and the Aging and Adult Services of Contra Costa County evaluated the four proposals. As shown in Attachment VI, the evaluation criteria included the firm's program design, organizational background and ability, and fiscal considerations. Attachment IV, provided by DHS, includes the scoring details and evaluation criteria used by the four panelists.

The RFP evaluation was based on a total of 100 points, and the fiscal considerations were 20 points or 20 percent of the total of 100 points as shown in Attachment VI. Mr. Curto notes that, as shown on page 2 of Attachment IV, both Addus and IHSS Consortium received the same amount of points for both questions which addressed fiscal considerations, 53 and 19 for questions C1 and C2 respectively. However, as shown in Attachment V, IHSS Consortium proposed to provide regular supervision services at a lower rate per hour throughout the 29-month contract period.

As shown in Attachment V, the hourly rates for regular supervision services proposed by Addus for the five month period from February 1, 2002 through June 30, 2002, Fiscal Year 2002-2003 and Fiscal Year 2003-2004 were $0.33, $0.28 and $0.19 respectively more than IHSS Consortium's proposed rates. As shown in Attachment V, the Addus proposal would cost $19,108,027, which is $224,609 or 1.2 percent more than the cost of such services of $18,883,418 as proposed by the IHSS Consortium.

Mr. Curto states in Attachment II that upon approval of the proposed contract modification and the termination of the DHS's contract with Addus for the provision by IHSS Consortium of regular supervision in-home supportive services, *"the City will not continue to receive the gross payroll tax generated by the Addus contract (a for profit Contractor). Addus states in their protest letter to the award of RFP #208* [issued October 24, 2001] *that their proposal would generate $170,000 in tax revenue to the City over the life of the contract."* The Budget Analyst notes that discounting the $170,000 tax revenues from $224,609 represents the increased cost of the Addus proposal over the IHSS Consortium proposal, which would still result in a $54,609 cost savings advantage from the IHSS Consortium proposal ($224,609 less $170,000).

As shown in Attachment IV, the IHSS Consortium proposal received a rating of 366 points from the four panelists as compared to a rating of 355 points received by the Addus proposal.

5. In his January 15, 2002 letter to DHS (Attachment VII), Mr. Kim Kruser, Vice President - Government Services Western Region for Addus has submitted revised hourly rates to replace the original Addus cost proposal. Mr. Curto advises that although these revised hourly rates are lower than the hourly rates proposed by the IHSS Consortium, November 27, 2001 was the deadline date for submission of the proposal, according to the RFP. In response to this new Addus proposal outlined in the January 15, 2002 letter, Mr. Trent Rhorer states in Attachment VIII *"DHS has not had the opportunity to evaluate this information nor can it appropriately consider additional submissions in response to*

an RFP past the deadline. DHS' initial response is that this submission is untimely and cannot be considered."

6. Based on the fact that the IHSS Consortium submitted the lowest cost proposal of $18,883,418 as compared to the $19,108,027 cost proposal of Addus and based on the selection panel's highest rating of the IHSS Consortium's proposal at 366 points compared to 355 points received by Addus, the Budget Analyst recommends approval of the proposed resolution.

Recommendation: Approve the proposed resolution.

F. Budget Summary with Fiscal Year Budgets

BUDGET SUMMARY								Document Date	8-Jan-02
Contractor's Name				Contract Term					
IN-HOME SUPPORTIVE SERVICES CONSORTIUM				7/1/01 - 6/30/04					
(Check One) New ____ Renewal ____ Modification _X_				Modification Period					
If modification, Effective Date of Mod 2/1/02	No. of Mod 1			2/1/02 - 6/30/04					
Program: In-Home Supportive Services with Intensive Supervision	CURRENT FISCAL YEAR 01-02	CURRENT FISCAL YEAR 02-03	CURRENT FISCAL YEAR 03-04	CURRENT TOTAL	MODIFIED YR 1	MODIFIED YR 2	MODIFIED YR 3	NEW TOTAL	TOTAL DIFFERENCE
Term									
IHSS Provider Wages									
Full Time	$4 194 178	$4 674 186	$5 272 230	$14 140 594	$5 839 412	$8 726 415	$9 430 848	$23 996 674	$9 856 081
Part Time									
IHSS Provider Employment Taxes									
Social Security (FICA)	$383 238	$425 696	$478 543	$1 287 477	$532 731	$793 899	$856 412	$2 183 042	$895 566
Federal Unemployment Ins (FUTA)									
State Unemployment Ins (SUI)	$58 711	$62 330	$66 954	$187 995	$102 024	$169 010	$176 435	$447 469	$259 475
State Disability Ins (SDI)									
IHSS Provider Worker's Compensation	$528 968	$700 230	$944 480	$2 173 678	$726 815	$1 187 529	$1 444 573	$3 358 917	$1 185 239
IHSS Provider Employment Benefits									
Vacation	$215 641	$232 723	$254 030	$702 395	$299 547	$439 385	$466 117	$1 205 049	$502 655
Sick Leave	$84 950	$91 679	$100 072	$276 701	$118 004	$173 091	$183 622	$474 717	$198 016
Holiday	$152 473	$164 551	$179 617	$496 641	$188 069	$252 224	$269 592	$709 886	$213 244
Health Insurance	$604 787	$707 591	$837 370	$2 149 749	$857 447	$1 329 896	$1 476 013	$3 663 356	$1 513 607
Dental Insurance	$107 081	$126 638	$149 974	$383 694	$147 881	$227 129	$253 104	$628 114	$244 420
Other	$153 200	$171 382	$193 995	$518 577	$224 559	$347 140	$374 367	$946 066	$427 489
IHSS Provider Travel Costs									
Travel Wages	$299 013	$333 234	$375 870	$1 008 117	$424 388	$642 034	$692 778	$1 759 199	$751 082
Mileage	$85 851	$91 404	$98 298	$275 553	$117 926	$170 405	$179 373	$467 704	$192 151
IHSS Provider Orientation/Skill Dev									
Training Wages	$63 398	$68 274	$73 644	$205 310	$94 384	$144 593	$151 966	$390 943	$185 627
Training Staff/Consultants	$718	$744	$761	$2 264	$1 818	$2 971	[illegible]	[illegible]	[illegible]
Other Training Costs									
Administrative Salaries									
Local Administration	$350 914	$371 401	$420 909	$1 149 223	$401 369	$480 894	$533 278	$1 415 539	$266 316
Clerical	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$116 802	$120 [illegible]	[illegible]	[illegible]
IHSS Supervisors	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$1 101 008	[illegible]	[illegible]	[illegible]
Salaries to Owners/Officers/Dirs									
Administrative Taxes									
Social Security (FICA)	$78 490	$87 013	$97 710	$263 820	$95 706	$129 996	$141 200	$366 906	$103 088
Federal Unemployment Ins (FUTA)									
State Unemployment Ins (SUI)	$5 097	$5 429	$6 032	$16 407	$9 128	$13 067	$13 870	$35 064	$18 577
State Disability Ins (SDI)									
Administrative Worker's Compensation	$12 034	$16 170	$21 030	$49 834	$15 255	$24 104	$29 771	$69 130	$19 296
Administrative Benefits									
Vacation									
Sick Leave									
Holiday									
Health Insurance	$70 532	$83 757	$100 551	$254 840	$96 901	$124 074	$141 027	$352 902	$98 062
Dental Insurance	$11 489	$13 787	$16 570	$41 847	$14 223	$20 521	$23 481	$58 225	$16 379
Other	$30 783	$34 391	$38 317	$103 459	$37 531	$50 979	$55 374	$143 884	$40 425
Administrative Travel									
Travel Wages				$0				$0	$0
Mileage	$5 787	$6 234	$6 681	$18 702	$8 075	$11 869	$12 464	$32 409	$13 707
Insurance and Bonding									
Liability Insurance	$27 315	$30 047	$33 051	$90 413	$35 592	$50 433	$53 973	$139 998	$49 585
Automobile Insurance									
Fidelity Bond	$3 967	$4 165	$4 373	$12 505	$3 967	$4 165	$4 373	$12 505	$0
Performance Bond									
Letter of Credit									
Office Expenses									
Rent	$134 043	$136 723	$139 457	$410 223	$157 918	$195 528	$199 806	$553 251	$143 028
Maintenance/Janitorial	$6 809	$7 149	$7 506	$21 464	$6 809	$7 149	$7 506	$21 464	$0
Utilities	$12 766	$14 043	$15 447	$42 255	$12 766	$14 043	$15 447	$42 255	$0
Equipment (new)	$24 271	$17 426	$17 638	$59 335	$14 158	$0	$0	$14 158	($45 177)
Equipment Maintenance	$8 644	$9 078	$9 530	$27 249	$11 410	$15 888	$16 521	$43 819	$16 570
Equipment Deprec. (prior purchase)	$20 885	$25 738	$29 224	$75 849	$12 183	$0	$0	$12 183	($63 666)
Accounting and Data Processing	$17 440	$18 361	$19 555	$55 356	$22 696	$31 306	$32 841	$86 843	$31 487
Telephone	$12 128	$12 491	$12 866	$37 485	$15 803	$21 543	$22 155	$59 501	$22 018
Postage	$7 819	$7 819	$8 018	$23 656	$10 473	$14 356	$14 727	$39 556	$15 899
Photocopying/Printing	$4 778	$5 028	$5 303	$15 109	$6 453	$9 153	$9 537	$25 143	$10 034
Supplies	$19 837	$21 391	$23 053	$64 282	$27 990	$41 472	$43 661	$113 124	$48 842
Personnel Advertising	$3 549	$3 655	$3 765	$10 969	$6 885	$11 872	$12 197	$30 954	$19 985
Other Costs	$75 107	$78 921	$78 839	$230 868	$89 883	$113 315	$118 188	$319 386	$88 518
Profit (Proprietary Firms)									
Audit	$9 830	$10 321	$10 837	$30 988	$15 590	$24 508	$25 397	$65 495	$34 506
TOTAL COSTS	$8 561 854	$9 643 649	$11 009 070	$29 214 373	$11 642 250	$17 234 366	$18 796 513	$47 673 130	$18 458 757
Prepared by			(415) 255-2079 Telephone No						

City and County of San Francisco | Department of Human Services

To: Budget Analyst Office

From: David Curto, Director of Contracts

Date: January 14, 2002

Re: IHSS Consortium Modification resulting from RFP #208 and Chronology

The Department of Human Services issued RFP 198 (In Home Supportive Services with regular Supervision) on February 14, 2001. Proposals were due on March 27, 2001. Two proposals were received as of the due date: one from Addus Healthcare and one from the In-Home Supportive Services Consortium. The review panel that was convened on April 10, 2001 rated the Consortium proposal higher so the contract was tentatively awarded to the IHSS Consortium on April 17, 2001. Addus Healthcare subsequently filed a formal protest of the RFP process. The protest was found to have merit and was upheld by DHS Executive Director Trent Rhorer.

To address the issues raised by Addus Healthcare, the Department initially decided to convene a separate review panel. The new panel would have been convened in late July/early August, with the new decision presented to the Human Services Commission, and then the Board of Supervisors, in August 2001, and the new contract would have started on September 1, 2001.

It was under this scenario that the Department negotiated a two-month extension with Addus Healthcare to continue services through August 31, 2001, in order to prevent a disruption in service to clients. The two main elements subject to negotiation were the length of the extension and the rate of the extension. Addus asked for a 12-month extension at the rate proposed by them ($21.76) while the Department supported a 2-month extension at the current contract rate ($17.57). The compromise solution was to have a 2-month extension at the $21.76 rate. This two-month contract extension was approved by the Human Services Commission on June 28, 2001 and presented to the Board of Supervisors Finance Committee on August 1, 2001. The Finance Committee, however, did not approve this modification because the increase in profits that occurred with the increase in rate (from $17.57/hour to $21.76/hour) seemed excessive.

In subsequent meetings between Addus Healthcare and the Department and in written correspondence from Addus to the Department, Addus Healthcare raised additional concerns with the RFP process and with the second review panel. Based

on these additional concerns and the Addus' protest of the original tentative award, the Department canceled RFP #198 and initiated negotiations between Addus and the IHSS Consortium to determine the optimal share of service load for these clients and to reach a satisfactory solution to split the regular supervised hours between them. The new contract resulting from these negotiations was expected to begin on February 1, 2002

With the Finance Committee's rejection of the proposed increased rate, the Department renegotiated with Addus Healthcare for the extension of their current contract. The new extension is for the period from July 1, 2001 through January 31, 2002, with the proposed rate a modest increase, from $17.57/hour to $19.12/hour, which includes increasing the minimum wage to $10.00/hour and disallowed any profit.

The Finance committee was very clear that it would not entertain any further extensions of the Addus Contract and if Addus and the IHSS Consortium could not agree on splitting the workload that DHS would issue a new RFP and complete the process prior to January 31st, 2002. The parties did not reach agreement and DHS proceeded with the new RFP.

RFP #208(In Home Supportive Services with Regular Supervision) was issued on October 24, 2001, with proposals due on November 27, 2001. Four proposals were received and scored by an independent evaluation panel on December 4, 2001. The IHSS consortium again scored the highest rating from the panel.

Addus Healthcare filed a timely protest of the intended award to the IHSS Consortium on December 12, 2001. Executive Director Trent Rhorer subsequently denied this protest on December 17, 2001. A public hearing was held on December 21, 2001 before the Human Services Commission and at that meeting the Commission authorized recommendation of this contract modification to the Board of Supervisors for approval.

The contract modification before the Board of Supervisors Finance Committee contains a negotiated composite hourly rate of reimbursement by blending the billing rates from RFP #199 (In Home Supportive Services with Intensive Supervision) approved in May of 2001 and the proposed rates under RFP #208 (In Home Supportive Services with Regular Supervision).

The composite rates of $20.32, $20.89 and $21.48 provide an economy of scale savings to the department of $424,661 over the three year (36-month) contract period.

		Period		
		2/1/02 – 6/30/02	7/1/02 – 6/30/03	7/1/03 – 6/30/04
RFP 199:	hrs	170,833	450,000	500,000
Intensive Supr	rate	20.88	21.43	22.02
	total cost	3,567,356	9,643,649	11,009,070
RFP 208:	hrs	156,250	375,000	375,000
Regular Supr	rate	20.02	20.59	21.42
	total cost	3,127,761	7,723,086	8,032,571
COMBINED:	hrs	327,083	825,000	875,000
	total cost	6,695,117	17,366,735	19,041,641
PROPOSED	hrs	327,083	825,000	875,000
COMPOSITE:	rate	20.32	20.89	21.48
	total cost	6,647,952	17,234,366	18,796,513
DIFFERENCE:	total cost	(47,165)	(132,369)	(245,127)

It should be noted that the City will not continue to receive the gross payroll tax generated by the Addus contract (a for profit Contractor). Addus states in their protest letter to the award of RFP #208 that their proposal would generate $170,000 in tax revenue to the city over the life of the contract. Departments have not historically considered the tax revenue as evaluation criteria for outsourcing of services, but it have some merit for consideration on this contract due to recent projections of the City and County's tax base.

The savings to the Department of $424,661 minus the tax revenue of $170,000 would therefore result in net savings of $254,661 over the 29-month duration of the modified contract. The Department considers this as a substantial economy of scale savings for this type of service.

City and County of San Francisco Department of Human Services

To: Budget Analyst Office

From: David Curto, Director of Contracts

Date: January 14, 2002

Re: Advertisement of RFP #208 (In Home Supportive Services with Regular Supervision)

RFP # 208 was issued on October 2001 and was advertised through the Purchasing Department in it's Bids & Contracts Opportunity Newsletter and on the City and County's Website (http://sunset.ci.sf.ca.us/pbids.nsf) with links from the Department of Human Services Website. The Department also advertised this RFP through the following newspapers: San Francisco Independent, Bay Guardian,Asian Weekly, Bay Area Reporter, El Bohemia News, The Sun Reporter, San Francisco Bayview, Bay Area Business Woman and El Mensejero. The Department also sent direct mailings to the current contractors, Addus Healthcare and the IHSS Consortium of San Francisco.

The following organizations submitted proposals in response to RFP #208:

Addus Healthcare
IHSS Consortium of San Francisco
Maxim Healthcare Services Inc.
Nurse Providers Inc.

The following organizations were aware of the RFP, as they provided letters in support of the IHSS Consortium. (Walden House letter of support in favor of Addus Healthcare)

Arriba Juntos
Bayview-Hunters Point Multipurpose Senior Services
Bethany Center
Consumers in Action for Personal Assistance
Family Service Agency of San Francisco
Goldman Institute on Aging
Independent Living Resource Center of San Francisco
IHSS Public Authority
Kimochi, Inc.
Legal Assistance to the Elders, Inc.
Little Brothers – Friends of the Elderly
North of Market Senior Services

Northern California Presbyterian Homes and Services
On-Lok Senior Center
Planning for Elders in the Central City
Project Open Hand
San Francisco Adult Day Services Network
Senior Action Network
Seniors At Home – Jewish Family and Children Services
Self-Help for the Elderly
Western Addition Senior Citizen's Senior Center, Inc.
Walden House *

RFP 208 Scoring Summary

	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Total	Avg
Consortium	84	96	89	97	366	91.50
Addus	78	92	90	95	355	88.75
Nurse Providers	46	76	59	50	231	57.75
Maxim	54	78	51	35	218	54.50

Panelist 1 is the Project Director at the National Council On the Aging
Panelist 2 is an AGPA from the CDSS Adult Programs
Panelist 3 is a former President and CEO of Premier Medical Services
Panelist 4 is the Aging and Adult Services Division Manager from Contra Costa County

RFP 208 Scoring Detail

By Panelist

		A1	A2	A3	A4	A5	A6	B1	B2	B3	C1	C2	Total
Panelist 1	Addus	5	5	7	5	3	3	14	8	9	14	5	78
Panelist 1	Consortium	5	7	9	9	3	4	11	10	9	13	4	84
Panelist 1	Maxim	4	8	5	5	2	3	10	5	5	5	2	54
Panelist 1	Nurse Providers	2	4	5	3	2	2	7	7	7	5	2	46
Panelist 2	Addus	5	10	9	8	4	4	15	10	9	13	5	92
Panelist 2	Consortium	5	10	8	10	5	5	15	10	10	13	5	96
Panelist 2	Maxim	2	9	8	8	3	3	12	8	8	13	4	78
Panelist 2	Nurse Providers	3	8	8	8	3	3	13	8	7	11	4	76
Panelist 3	Addus	5	10	10	5	5	5	15	10	10	11	4	90
Panelist 3	Consortium	5	9	10	8	5	5	10	10	10	12	5	89
Panelist 3	Maxim	3	5	7	4	4	1	8	4	8	5	2	51
Panelist 3	Nurse Providers	3	8	5	6	4	2	8	5	8	8	2	59
Panelist 4	Addus	4	10	10	8	4	5	15	10	9	15	5	95
Panelist 4	Consortium	5	10	10	9	5	5	13	10	10	15	5	97
Panelist 4	Maxim	1	6	4	4	3	1	3	3	3	2	5	35
Panelist 4	Nurse Providers	3	7	4	4	2	3	7	6	4	5	5	50

By Proposal

		A1	A2	A3	A4	A5	A6	B1	B2	B3	C1	C2	Total
Panelist 1	Addus	5	5	7	5	3	3	14	8	9	14	5	78
Panelist 2	Addus	5	10	9	8	4	4	15	10	9	13	5	92
Panelist 3	Addus	5	10	10	5	5	5	15	10	10	11	4	90
Panelist 4	Addus	4	10	10	8	4	5	15	10	9	15	5	95
Panelist 1	Consortium	5	7	9	9	3	4	11	10	9	13	4	84
Panelist 2	Consortium	5	10	8	10	5	5	15	10	10	13	5	96
Panelist 3	Consortium	5	9	10	8	5	5	10	10	10	12	5	89
Panelist 4	Consortium	5	10	10	9	5	5	13	10	10	15	5	97
Panelist 1	Maxim	4	8	5	5	2	3	10	5	5	5	2	54
Panelist 2	Maxim	2	9	8	8	3	3	12	8	8	13	4	78
Panelist 3	Maxim	3	5	7	4	4	1	8	4	8	5	2	51
Panelist 4	Maxim	1	6	4	4	3	1	3	3	3	2	5	35
Panelist 1	Nurse Providers	2	4	5	3	2	2	7	7	7	5	2	46
Panelist 2	Nurse Providers	3	8	8	8	3	3	13	8	7	11	4	76
Panelist 3	Nurse Providers	3	8	5	6	4	2	8	5	8	8	2	59
Panelist 4	Nurse Providers	3	7	4	4	2	3	7	6	4	5	5	50

Key to Scoring:

Evaluation Criteria A 1-6 = Program Design elements

A-1= Understanding of Client needs
A-2 = Staff Development
A-3 = Program Planning including emergency needs
A-4 = Community Reinvestment Plan
A-5 = Demonstrated History of Community Outreach and participation
A-6 = Service Objectives and Outcome measures

Evaluation Criteria B 1-3 = Organizational Background and Ability elements

B-1 = Organizational Capacity
B-2 = Demonstrated Knowledge and Expertise of Services to Clients

Evaluation Criteria C 1-2 = Fiscal Considerations

C-1 = Budget reflective of adequate resources, costs, result in a reasonable hourly rate of reimbursement
C-2 = Demonstrated proof of financial responsibility and viability

		Period 2/1/02 – 6/30/02	Period 7/1/02 – 6/30/03	Period 7/1/03 – 6/30/04	Total Proposed 2/1/02-6/30/04
IHSS Consortium:	hrs	156,250	375,000	375,000	906,250
	rate	20.02	20.59	21.42	
	total cost	3,127,761	7,723,086	8,032,571	**18,883,418**
Addus Healthcare:	hrs	156,250	375,000	375,000	906,250
	rate	20.35	20.87	21.61	
	total cost	3,179,471	7,825,336	8,103,220	**19,108,027**
Maxim Healthcare:	hrs	156,250	375,000	375,000	906,250
	rate	21.41	22.91	24.51	
	total cost	3,345,313	8,590,763	9,192,116	**21,128,192**
**Nurse Providers:	hrs	156,000	156,000	156,000	468,000
	rate	15.33	16.05	16.88	
	total cost	2,390,824	2,504,082	2,632,752	**7,527,658**

** Note: Nurse providers only proposed to provide a maximum of 156,000 hours in contract period. They did not have the capacity to provide the total number of hours requested in the RFP.

RATING SHEET/ EVALUATION CRITERIA

FOR RFP #208 – TO PROVIDE IN-HOME SUPPORTIVE SERVICES WITH REGULAR SUPERVISION
RESPONDENT/AGENCY: ____________________
EVALUATOR: (leave blank)

Items A through C are the criteria for reviewing proposals. The weight of each item is indicated in parenthesis and will be scored according to the degree to which the proposal answers the question.

TOTAL POSSIBLE POINTS [100] _____

A. Program Design (45)

1. Does the proposal demonstrate the necessary understanding of the needs of San Francisco City/County IHSS clients, in order to provide effective services? (5)

Comments:	Points

2. Does the proposal clearly and adequately address staff development? This includes the recruiting, orientation, training, and management of providers and supervisory staff, evaluation of competencies, development of training curricula and schedule, and monitoring of effectiveness of training. (10)

Comments:	Points

3. Does the proposal clearly and adequately address program planning? Do the job descriptions/position qualifications/staffing plan, plan to respond to emergency IHSS needs, supervision plan, and communications with DHS indicate that the respondent has the organizational planning to effectively provide IHSS? (10)

Comments:	Points

4. Does the proposal's Community Reinvestment Plan adequately address the provision of continuous reinvestment into the community for the term of the contract? Is the amount of Reinvestment commensurate with the expected size of the contract? (10)

Comments:	Points

5. Does the Respondent demonstrate a solid history of community outreach and participation in community forums/meetings that affect IHSS services. Does the Proposal include an adequate plan that continues the engagement of local community-based and advocate organizations through the term of the contract? Does the plan adequately solicit community feedback regarding the quality of service provision and the documentation of quality assurance efforts? (5)

Comments:	Points

6. Does the proposal clearly state service objectives that will effectively measure the quantity, quality, and responsiveness of services? Does the proposal clearly state outcome objectives that will effectively measure the impact of services? Does the proposal explain how these objectives will be tracked and reported including tools and staffing? Do the service objectives reflect a reasonable amount of services in view of the goals and services requested of this contract? (5)

Comments:	Points

B. Organizational Background and Ability (35)

1. Does the respondent appear to have the organizational capacity to effectively provide the services proposed? This includes an appropriate organizational structure and staffing pattern to handle the volume of clients and staffing issues that would arise during the term of the contract. (15)

Comments:	Points

2. Has the proposal demonstrated adequate knowledge of IHSS and related services? Has the respondent demonstrated expertise in the provision of IHSS-related services to low-income elderly/disabled population? Has the respondent demonstrated client advocacy? Has the respondent demonstrated the ability to work cooperatively with county IHSS staff? (10)

Comments:	Points

3. Does the proposal demonstrate that the respondent has the cultural, ethnic, language, disability expertise needed to provide quality IHSS to the population in San Francisco? Does the proposal demonstrate community services ability, as reflected in the organization's community service goals, board of directors, staffing, and history? (10)

Comments:	Points

C. Fiscal Considerations (20)

1. Does the budget reflect sound and adequate allocation of resources matching the program components including staffing, operating costs, capital costs (as appropriate), and management? Is the budget clear, complete, and well-documented (internal consistency of budget costs, appropriate and practical overhead, fringe benefits, wage rates and account of detail requirements for merit increases.) Does the budget include any unreasonable costs? Is the budget cost effective? (15)

Comments:	Points

2. Based on contract history, audited financial statements, corporate structure, and other information, does the proposal reflect financial viability and responsibility? (5)

Comments:	Points

Providing Quality Healthcare Since 1977

January 15, 2002

Trent Rhorer
Executive Director
Department of Human Services
City and County of San Francisco
170 Otis, 8th Floor
San Francisco, California 94120

Dear Mr. Rhorer:

This correspondence is sent for consideration prior to recommendation for final Board of Supervisors approval of the contract award under RFP #208. The RFP allows consideration of offers and/ or negotiations with other qualified proposers. Further, there appears to be no requirement that the Board award the contract exclusively on the basis of the scoring by the Proposal Evaluation Panel. Therefore, on behalf of Addus Healthcare I am submitting a revised pricing proposal for your Department's consideration.

Please find attached a revised Proposal Cover Letter and revised Required Contract Budgets and Budget Narratives for the contract periods specified in RFP #208. The revised proposed billing rates are as follows:

Period	Hourly Billing Rate
2/1/02 to 6/30/02	$19.69
7/1/02 to 6/30/03	$20.35
7/1/03 to 6/30/04	$21.08

We believe these revisions warrant serious consideration by your Department. These rate revisions constitute significant cost savings over our initial proposal. For example, for the period ending June 30, 2002 the cost of this contract would decrease by $103,125.00; for the period ending June 30, 2003 the cost of the contract would decrease by $195,000.00; and, for the period ending June 30, 2004 the cost of this contract would decrease $198,750.00. The cumulative cost reduction over the contract period is $496,875.00. Additionally, if this contract is awarded to Addus the City of San Francisco will retain almost $200,000.00 in local business tax revenue that it would otherwise lose if awarded to a nonprofit agency. The cumulative, known savings and retained local business tax revenue is almost $700,000.00 under this proposal.

264 Clovis Avenue, Suite 106 • Clovis, CA 93612 • Telephone: 559.324.6513 • Fax: 559.324.6514

Trent Rhorer
January 15, 2002
Page Two

Thank you for your kind consideration of this correspondence and please call me if you or your staff have any further inquiries related to this proposal.

Cordially,

Kim Kruser
Vice President- Government Services
Western Region

Enclosures (3)

cc: The Honorable Willie Brown, Mayor, City of San Francisco, w/o Enclosures
The Honorable Tom Amiano, Chairman, Finance Committee, San Francisco Board of Supervisors, w/o Enclosures
Harvey Rose, Budget Analyst, San Francisco Board of Supervisors

City and County of San Francisco Department of Human Services

January 17, 2002

Budget Analyst Office
Mr. Harvey Rose

Sub: Response to Addus letter dated January 15, 2002

Re: Additional Consideration Relating to RFP #208

Dear Mr. Rose,

DHS received Addus's revised pricing proposal on January 16, 2002, well after the November 27, 2001 deadline published in RFP#208. DHS has not had the opportunity to evaluate this information nor can it appropriately consider additional submissions in response to an RFP past the deadline. DHS' initial response is that this submission is untimely and cannot be considered.

Sincerely,

Trent Rhorer
Executive Director

(415) 557-5000 P.O. Box 7988 San Francisco, California 941

Item 4 - File 01-2281

Note: This proposed resolution was continued by the Finance Committee at the Finance Committee Meeting of January 9, 2002 so that the Airport could respond to specific questions of the Finance Committee concerning the Airport's cost of free services to be provided under the proposed agreement. The Budget Analyst has requested further cost details from the Airport, but has not received an adequate response to such questions as of the writing of this report. Therefore, the Budget Analyst recommends that the proposed resolution be continued to the Call of the Chair to permit additional time for the Airport to respond and to allow a review of their response.

Department: Airport Commission

Item: Resolution approving a Lease and Operating Agreement between Smarte Carte, Inc. and the City and County of San Francisco, acting by and through the Airport Commission, for the operation of the Self-Service Luggage Cart Program at the San Francisco International Airport.

Location: San Francisco International Airport and the Airport's Rental Car Facility, located on Airport property at McDonnell Road.

Purpose of Lease and Operating Agreement: Concession space for the purpose of (1) renting self-service luggage carts to passengers, and, (2) operating the free cart services for the "Customs Program", "Rental Car Facility Program" and the "AirTrain[1] Failure Contingency Program" (see Description below for program descriptions).

Lessor: City and County of San Francisco by and through the Airport Commission

Lessee: Smarte Carte, Inc.

Term of Lease and Operating Agreement: Five years, commencing no earlier than February 1, 2002 and no later than April 1, 2002, and terminating after five years from this commencement date in 2007.

Right of Renewal: Five, one-year extensions, beginning in 2007.

Annual Rent Payable by Smarte Carte to the Airport: The annual rent payable to the Airport from Smarte Carte, Inc. for the Self-Service Luggage Cart Rental Program at the Airport will be the greater of either the Minimum Annual Guarantee of $450,000, or 15 percent of gross revenues. The

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[1] As part of the Airport's Master Plan Program, the Airport is constructing an on-Airport AirTrain system (the "AirTrain") to transport passengers throughout the Airport, to and from the Rental Car Facility and BART. The AirTrain is scheduled to be operational on August 10, 2002.

Minimum Annual Guarantee will be adjusted annually on the anniversary date of the subject agreement. The adjustment is based on a formula, which compares the percentage increase in "U.S. City Average – Transportation Services" Consumer Price Index (CPI) and the total number of airline passengers on the anniversary date to the "U.S. City Average – Transportation Services" CPI and the total number of airline passengers at the commencement of the subject agreement. The Minimum Annual Guarantee can only increase.

Utilities and Janitorial Services:

The Lessee will pay for the costs of all utilities and janitorial services. According to Ms. Patricia Maitland of the Airport, janitorial services are not broken out as a line item in the lessor's budget because their employees perform this function as a part of their regular duties.

Amount Payable by Airport to Smarte Carte, Inc.:

The Airport would be responsible for payment to Smarte Carte, Inc. the gross total "not to exceed" amount of $12,886,000 for operating the free cart services in the "Customs Program", "Rental Car Facility Program" and the "AirTrain Failure Contingency Program", over the five-year term of the subject agreement or an average gross amount of $2,577,200 per year (see Comment No. 6). However, Smarte Carte, Inc. must pay the Airport a minimum total rent of $2,250,000 (Minimum Annual Guarantee or $450,000 for five years). Therefore, the <u>net</u> "not to exceed" amount payable to Smarte Carte is $10,636,000 ($12,866,000 less $2,250,000).

Description of Proposed Lease and Operating Agreement:

The proposed Luggage Cart Lease and Operating Agreement (Agreement) comprises two major parts: (1) the operation of the Self-Service Luggage Cart Rental Program as a concession; and (2) the provision of luggage carts free of charge under the "Customs Program", the "Rental Car Facility Program", and the "AirTrain Failure Contingency Program" (the "Free Services") as described below.

Self-Service Luggage Cart Rental Program:

Under the proposed Agreement, Smarte Carte, Inc. would (a) provide a fleet of no less than 3,000 luggage carts, equipped with brakes[2] available for rent at $2 per cart or such amount approved by the Airport Director, (b) install, maintain and repair, of such luggage carts, (c) install, maintain and repair of luggage cart vending units, which automatically dispense luggage carts to the public; (d) collect and relocate luggage carts as-needed. Smarte Carte, Inc. will pay the Airport concession rent equal to the greater of the Minimum Annual Guarantee amount of $450,000 or 15 percent of gross revenues (see Comment No. 1).

Free Services:

(1) Customs Program. Smarte Carte, Inc. must provide no less than 2,000 luggage carts in the Customs area of the International Terminal where arriving international passengers are subject to Federal inspection services. The luggage carts will continue to be available without a rental charge in the custom area as they are currently (see Comment No. 2).

(2) Rental Car Facility Program. Smarte Carte, Inc. must provide no less than 500 luggage carts at the Rental Car Facility until AirTrain is operational and open to the public for transport to the Rental Car Facility. The luggage carts will continue to be available without a rental charge in these areas as they are currently (see Comment No. 3).

(3) AirTrain Failure Contingency Plan. Smarte Carte, Inc. must provide no less than 500 luggage carts at the Rental Car Facility upon notification from the Airport that there is or may be an AirTrain failure, and buses must be used to transport passengers from the Airport Terminal to the Rental Car Facility. Smarte Carte, Inc. must provide, luggage carts in the Rental Car Facility free of charge until the AirTrain service resumes or as otherwise directed by Airport Director.

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[2] The terms of the proposed Agreement require Smarte Carte to equip the luggage carts with brakes. Existing self-service luggage carts do not have brakes, according to Ms. Maitland. Ms. Maitland advises that Smarte Carte will either equip their existing fleet of luggage carts with brakes or manufacture new carts with brakes in order to meet the terms of the subject Agreement.

As with the Self-Service Luggage Cart Rental Program, Smarte Carte, Inc. would also be responsible for the (a) installation, maintenance and repair of the luggage carts; (b) installation, maintenance and repair of the vending units; and, (c) collection and relocation of luggage carts as-needed for the free carts.

Attachment I, provided by the Airport, is a list of luggage cart vending machine locations at the Airport. The total fleet of luggage carts that Smarte Carte, Inc. must supply is no less that 5,500 carts.

Comments:

1. According to Ms. Maitland, the Airport currently contracts with Smarte Carte, Inc. to provide (1) the operation of the Self-Service Luggage Cart Rental Program as a concession at the Airport; and (2) free cart service in the Customs area of the International Terminal and in the Rental Car Facility at a cost to the Airport. Ms. Maitland advises that the self-service luggage carts are currently rented for $2 per cart and the rental rate was last raised from $1.50 per cart to $2 per cart on March 1, 2000.

In the attached memorandum from Ms. Maitland, Attachment II, Ms. Maitland states that the existing agreement with Smarte Carte, Inc. began in July of 1991 and expired in July of 2001. The Airport has continued to contract with Smarte Carte, Inc. on a month-to-month basis since that time under the same terms as the prior agreement.

Under the existing agreement for the Self-Service Luggage Cart Rental Program, Smarte Carte, Inc. must pay the greater of either the Minimum Annual Guarantee of $225,000 or 16.7 percent of gross revenues.

A comparison of revenues payable to the Airport under the existing agreement and the proposed agreement for the rental luggage carts, using actual gross Smarte Carte revenues for FY 1999-2000 and FY 2000-2001 is as follows:

	Existing Agreement	Proposed Agreement
Minimum Annual Guarantee	$225,000	$450,000
Percentage of Gross Revenues	16.7%	15.0%
FY 1999-2000 Gross Revenues	$2,052,699	$2,052,699
Minimum Annual Guarantee (MAG) or Percentage Rent Payable to Airport	$342,801 (Percentage Rent)	$450,000 (MAG)
FY 2000-2001 Gross Revenues	$2,249,521	$2,249,521
Minimum Annual Guarantee (MAG) or Percentage Rent Payable to Airport	$375,670 (Percentage Rent)	$450,000 (MAG)

Although the Minimum Annual Guarantee is $450,000 or $225,000 higher under the proposed Agreement, the percent of gross rental cart revenues is 1.7 percent less than the existing agreement (15 percent instead of 16.7 percent). Ms. Maitland advises that the 1.7 percent reduction in the percentage of gross revenue under the proposed Agreement is offset by the higher Minimum Annual Guarantee which places the risk of low revenues (i.e. low luggage cart rentals) on the Operator. Therefore, Ms. Maitland states that if luggage cart rentals are low, the Airport is guaranteed a higher Minimum Annual Payment than the Airport currently receives.

As shown in the table above, at existing levels of gross Smarte Carte revenue ($2,052,669 in FY 1999-2000 and $2,249,521 in FY 2000-2001) the proposed Minimum Annual Guarantee of $450,000 would produce more revenue to the Airport than the percentage rent of 16.7 percent payable to the Airport.

2. Ms. Maitland advises in Attachment II that the free cart Customs Program has been paid for by the Airport since 1994. According to Ms. Maitland, the Airport provides free

carts to arriving international passengers for the following reasons: (1) the Airport is an international gateway; (2) international passengers arriving at the Airport possess a higher than average amount of luggage necessitating the use of a luggage cart; (3) arriving international passengers do not usually have the correct type and amount of currency to rent a cart; and, (4) U.S. Customs officials have repeatedly refused to permit a Currency exchange service inside the Customs area.

According to Ms. Maitland, under the existing agreement, Smarte Carte, Inc. is paid $0.70 per cart each time a passenger uses a free cart in the Customs area. Ms. Maitland advises that there currently is no maximum amount payable to Smarte Carte, Inc. for the free carts in the Customs area. Under the proposed Agreement, Smarte Carte, Inc. will be paid a flat annual fee for providing free carts in the Customs area rather than a per cart per use fee as is currently done. The average annual fee for providing free carts in Customs is $2,474,200 ($12,371,000 over 5 years). The cost of providing free luggage carts in the Customs Program increases over the life of the proposed Agreement, as shown in Attachment III, provided by the Airport. Also, as shown in Attachment III, the cost of the Customs Program continues to increase over the five, one-year Agreement extension options. The table below summarizes the comparison of the Customs Program costs.

	Existing Agreement	Proposed Agreement
Customs Program	**$0.70 per cart per use November 1, 2000-October 31, 2001 Net Actuals: $981,252**	**Average Annual Fee *: $2,474,200**

* See Attachment III for the actual annual fee for each year of the proposed Agreement.

Ms. Maitland advises that moving to a flat annual fee for the free carts versus a per cart per use charge requires Smarte Carte, Inc. to bear the burden of increased operational costs over the life of the Agreement, thus, the Airport precludes future attempts to re-negotiate the fee amounts for the free carts in Customs by Smarte Carte, Inc. However, the Budget Analyst notes that the Airport will be paying $1,492,948 more than is currently paid for the Customs Program. On

page six of Attachment II, Ms. Maitland advises that the annual fee for providing free carts in the Customs Program includes Smarte Carte, Inc.'s cost of equipping the self-service luggage carts with brakes as well as the increased labor cost under the City's Minimum Compensation Ordinance[3].

3. Ms. Maitland reports that the Rental Car Facility Program was instituted upon the opening of the Rental Car Facility on McDonnell Road in January of 1999. Currently, passengers are bussed from the Airport terminals to the Rental Car Facility and vice versa. According to Ms. Maitland, the Airport received numerous complaints that passengers had to rent a cart twice, once at the terminals and again at the Rental Car Facility. The AirTrain will accommodate luggage carts, however, in the meantime, the Airport perceived providing luggage carts for free at the Rental Car Facility as a critical service for passengers going to and from the Rental Car Facility. The Airport currently pays a flat annual fee of $487,000, or $40,583 per month for the free luggage carts at the Rental Car Facility. Upon commencement of AirTrain, which is estimated to be August 10, 2002, this service will cease and the Airport will no longer pay for free carts at the Rental Car Facility unless the AirTrain system fails (see Comment No. 5). A comparison of the existing agreement with the proposed Agreement for the provision of free carts under the Rental Car Facility Program is as follows:

	Existing Agreement	Proposed Agreement
Rental Car Facility Program	**$487,000 per year**	**$480,000 per year *:**

* The payment for this service terminates when AirTrain is operational.

[3] Ms. Maitland advises that the Minimum Compensation Ordinance requires contractors with the City and County of San Francisco to pay minimum gross hourly compensation of $10.00 an hour beginning January 1, 2002, plus 2.5% annual increases for each of the next three years.

4. Ms. Maitland advises that currently the Airport is paying Smarte Carte, Inc. approximately $122,354 per month[4] for the free luggage carts in the Customs Area and at the Rental Car Facility.

5. Because the AirTrain has not previously existed at the Airport, the AirTrain Failure Contingency Program is a new component of the Self-Service Luggage Cart Agreement. Ms. Maitland advises that after consulting the AirTrain Project Manager, she budgeted an expense of 14 days per year at $500 per day or $7,000 per year for the operation of the AirTrain Failure Contingency Plan. Therefore, the total estimated cost of the AirTrain Failure Contingency Plan over the five-year term is estimated to be $35,000. However, even if the AirTrain system failed 14 days per year, the costs of providing free luggage carts when the AirTrain fails is less than continuing to provide free luggage carts at the Rental Car Facility at an annual cost of $480,000.

6. As noted above, the subject Agreement is for a five year period for a gross "not to exceed" amount of $12,886,000 for the free cart services in the "Customs Program", "Rental Car Facility Program" and the "AirTrain Failure Contingency Program". Ms. Maitland advises that the gross figure of $12,886,000 includes (a) the total Customs Program estimated cost of $12,371,000; (b) the total Rental Car Facility cost of $480,000; and, (c) the total estimated cost of the AirTrain Failure Contingency Plan over the five-year term is estimated to be $35,000. However, Smarte Carte, Inc. must pay the Airport a minimum of $2,250,000 in rent for the five-year term of the subject Agreement. Therefore, the net "not to exceed" amount for the five-year Agreement is $10,636,000. Ms. Maitland advises that if the subject Agreemen+ is approved, any one-year contract extensions would be authorized by the Airport Commission, without subsequent Board of Supervisors approval. Attachment III, provided by the Airport, indicates the estimated costs and rent payments for subject Agreement over a ten-year period, including the five, one-year Agreement extensions.

[4] Ms. Maitland advises that this monthly figure was derived by taking a 12-month average of luggage carts used in Customs, less the 16.7% of gross revenue payable as rent to the Airport or $81,771, plus the monthly Rental Car Facility fee of $40,583.

7. According to Ms. Maitland, the Airport Commission awarded the subject Agreement to Smarte Carte, Inc. based on a three-member panel's determination via written proposal and practical demonstration, that Smarte Carte, Inc. offered the best overall program. Ms. Maitland advises that proposals were received from the following three firms (1) Smarte Carte, Inc.; (2) Airport Carts, LLC; and (3) Top Cart, LLC. However, Ms. Maitland advises that Top Cart, LLC's proposal was rejected prior to evaluation for failure to meet the Minimum Qualification Requirements[5]. As shown in Attachment IV, Smarte Carte received a total of 83.5 points versus 70.2 points for Airport Carts, LLC.

Attachment IV, provided by the Airport, is a summary of the panel members' evaluation of the written proposals and the practical demonstrations from Smarte Carte, Inc. and Airport Carts, LLC. The three panelists, all of whom are Airport employees, were the Assistant Deputy Director Duty Manager, the AirTrain Manager and the Principal Property Manager.

The Minimum Annual Guarantee payable to the Airport, as proposed by the other qualified bidder, Airport Carts LLC, was $400,000 or $50,000 less than Smarte Carte.

The net not to exceed amount which would have been payable by the Airport to Airport Carts LLC for the first five years would have been $3,355,000 which is $7,281,000 or 68.5 percent less than the amount payable by the Airport to Smarte Carte. The Airport attributes this significant difference to the fact that Smarte Carte is to provide 380 employee hours per day compared to 132.5 employee hours per day proposed by Airport Carts LLC. The Airport emphasizes that the award of this lease agreement is based on a request for proposal process to determine who will provide the best overall program services and was not based on a low bid process.

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[5] Top Cart LLC proposed as Top Cart SFO, a limited liability company that was formed on July 20, 2001. Pursuant to the RFP requirements, "Proposers will not be permitted to enter into the Agreement or perform the Services through a newly-formed entity, including a corporation or limited liability company (except that parties may joint venture provided that they satisfy the Minimum Qualification Requirements. The parties to the Agreement must be the same person or entity(ies) which proposes and satisfies the Minimum Qualification Requirements."

8. Ms. Maitland advises that the costs of the subject Agreement were included in the Airport's FY 2001-2002 budget.

9. Approval of the proposed Agreement is a policy matter for the Board of Supervisors because (a) the percentage rent payable to the Airport for the Self-Service Luggage Cart Rental Program decreases from 16.7 percent to 15 percent; (b) the Airport can exercise up to five, one-year extensions without subsequent Board of Supervisors approval; and, (c) the annual cost of providing free luggage carts under the Customs Program increases over the five-year period of the subject Agreement and continues to increase over the five, one-year Agreement extensions options. Also, the net, not to exceed amount payable by the Airport to Smarte Carte is $7,281,000 more than the cost would be under the Airport Carts, LLC proposal.

Recommendation: Continue the proposed resolution to the Call of the Chair.

EXHIBIT A
PREMISES

SERIAL #	CMU #	TERMINAL LOCATION
3622	C20	Bridgeway b/w North & Old Central Terminal
3613	N01	Lower level, carousel #15, American Airlines
4341	N02	Lower level, b/w carousels #11 & #14, American Airlines
4338	N03	Lower level, b/w carousels #10 & #11, American Airlines
4334	N04	Lower level, b/w carousels #5 & #6, United Airlines
3610	N04A	Lower level, b/w carousels #4 & #5, United Airlines
3548	N05	Lower level, b/w carousels #3 & #4, United Airlines by others
4311	N06	Lower level, b/w carousels #3 & #4, United Airlines
4308	N07	Lower level, b/w carousels #3 & #4, United Airlines
4304	N08	Lower level, b/w carousels #2 & #3, United Airlines
4300	N09	Lower level, b/w carousels #1 & #2, United Airlines
4301	N010	Lower level, carousel #1 behind telephones, United Airlines
4309	N10	Lower level, curbside, American Airlines
4292	N11	Lower level, curbside, door #6, United Airlines
4291	N12	Lower level, curbside, door #4, United Airlines
3618	N13	Lower level, curbside, door #2, United Airlines
4307	N21	Upper level, check-in counter, American Airlines
4310	N22	Upper level, check-in counter b/w restrooms, UA & American
4297	N23	Upper level, check-in counter United Airlines
4296	N24	Upper level, elevators, United check point
4340	N25	Upper level, elevators, United check point
4333	N30	Upper level, curbside, American Airlines
3712	N31	Upper level, curbside, door #9, United Airlines by others
4277	N32	Upper level, curbside, between door #6 & #7
4313	N33	Upper level, curbside, door #3, United Airlines
4316	N41	Boarding Area E, Gate 60, American Airlines
4298	N42	Boarding Area E, Gate 62, American Airlines
4204	N43	Boarding Area F, rotunda, near restrooms, United Airlines
4337	N44	Boarding Area F, Gate 83, United Airlines
4336	N45	Boarding Area F, Gate 89, United Airlines
4274	N70	Upper level, Center Island, in front of American Airlines
4275	N71	Upper level, Center Island, in front of United Airlines
4302	S01	Lower level, baggage claim, in front of elevators, US Air
4315	S02	Lower level, baggage claim, Air Canada
4216	S03	Lower level, baggage claim, Southwest Airlines
4332	S04	Lower level, carousel #6, Continental Airlines
4212	S05	Lower level, carousel #7, Continental Airlines
4211	S06	Lower level, carousel #9, America West Airlines
3711	S07	Lower level, carousel #13, Alaska Airlines by others
4312	S08	Lower level, carousel #16, Delta Airlines
4214	S09	Lower level, carousel #17, Delta Airlines
4314	S010	Lower level, in front of elevator, Delta Airlines
4083	S10	Lower level, curbside, US Air

4443	S11	Lower level, curbside, Continental Airlines
3616	S12	Lower level, curbside, American Trans Air
4289	S13	Lower level, curbside, Delta Airlines
4303	S31	Upper level, curbside, US Air
3713	S32	Upper level, curbside, Southwest Airlines by others
4295	S33	Upper level, curbside, b/w America Trans Air & Continental
3629	S34	Upper level, curbside, b/w TWA & America West Airlines
4293	S35	Upper level, curbside, Alaska Airlines
4213	S36	Upper level, curbside, Delta Airlines
4294	S40	Boarding Area A, Gate 7, US Air
4299	S41	Boarding Area A, entrance to Gates 8-16, US Air
4317	S42	Boarding Area B, Gate 24, TWA
4318	S43	Boarding Area B, entrance to Gates 32-36, TWA
3609	S44	Boarding Area B, near Gate 23, TWA
4290	S70	Upper level, Center Island, in front of Southwest Airlines
4273	S71	Upper level, Center Island, in front of TWA

4424	A61	Domestic Garage Section A Level 1
4075	A62	Domestic Garage Section A Level 2
4284	A63	Domestic Garage Section A Level 3
4062	B61	Domestic Garage Section B Level 1
4466	B62	Domestic Garage Section B Level 2
4276	B63	Domestic Garage Section B Level 3
5334	C61	Domestic Garage Section C Level 1
4279	C62	Domestic Garage Section C Level 2
4281	C63	Domestic Garage Section C Level 3
4280	C65	Domestic Garage Section C Level 5
4283	D61	Domestic Garage Section D Level 1
4288	D62	Domestic Garage Section D Level 2
4287	D63	Domestic Garage Section D Level 3
4286	D65	Domestic Garage Section D Level 5
4797	E61	Domestic Garage Section E Level 1
5336	E62	Domestic Garage Section E Level 2
4787	E63	Domestic Garage Section E Level 3
4285	F61	Domestic Garage Section F Level 1
4080	F62	Domestic Garage Section F Level 2
4069	F63	Domestic Garage Section F Level 3
4077	F64	Domestic Garage Section F Level 4
4278	F65	Domestic Garage Section F Level 5
5354	AA-61	A garage West end Level 1
5353	AA-62	A garage West end Level 2
5163	AA-63	A garage West end Level 3
5350	AA-64	A garage West end Level 4
5359	AA-65	A garage West end Level 5
4726	AA-66	A garage West end Level 6
5352	AA-67	A garage West end Level 7
3620	AA-68	A garage West end Level 8
5356	AB-61	A garage Middle Level 1
5358	AB-62	A garage Middle Level 2
5360	AB-63	A garage Middle Level 3
5355	AB-64	A garage Middle Level 4
5357	AB-65	A garage Middle Level 5
5351	AB-66	A garage Middle Level 6

Exhibit A – Page 2

4794	AB-67	A garage Middle Level 7
5329	AB-68	A garage Middle Level 8

4064	GB-61	G garage Level 1
3619	GB-62	G garage Level 2
4305	GB-63	G garage Level 3
4067	GB-64	G garage Level 4
3615	GB-65	G garage Level 5
3611	GB-66	G garage Level 6
5328	GB-67	G garage Level 7
4282	GB-68	G garage Level 8

4306	IT-01	Baggage Claim room A right side of the entrance
3623	IT-02	Baggage Claim room A facing the entrance
3617	IT-03	Baggage Claim room G right side of the entrance
3625	IT-04	Baggage Claim room G facing the entrance
5339	IT-10	Baggage curbside, arrival level
5335	IT-11	Baggage curbside, arrival level
5330	IT-12	Baggage curbside, arrival level
5331	IT-13	Baggage curbside, arrival level
5340	IT-14	Baggage curbside, arrival level
5338	IT-15	Baggage curbside, arrival level
5343	IT-30	Ticketing Curbside, departure level
5332	IT-31	Ticketing Curbside, departure level
5344	IT-32	Ticketing Curbside, departure level
5345	IT-33	Ticketing Curbside, departure level
5348	IT-34	Ticketing Curbside, departure level
5349	IT-35	Ticketing Curbside, departure level
5347	IT-36	Ticketing Curbside, departure level
5342	IT-37	Ticketing Curbside, departure level
5346	IT-38	Ticketing Island, departure level
5341	IT-39	Ticketing Island, departure level
5333	IT-51	Ticketing "G" side facing elevators
3549	IT-52	Ticketing "G" side outside Amlock
3710	IT-70	Courtyard A
5337	IT-71	Courtyard G

51020	C11C	Customs - connecting flight exit
99221	IT16A	Customs "A" - Immigration Counters
98221	IT17G	Customs "G" - Immigration Counters

Date: January 3, 2002

To: Maureen Singleton, Budget Analyst

From: Patty Maitland, Senior Principal Property Manager

Re: Award of Luggage Cart Lease and Operating Agreement to Smarte Carte, Inc.

This responds to your request for information regarding the San Francisco International Airport's Luggage Cart Lease and Operating Agreement.

Current Self-Service Cart Concession Contract, Major Lease Terms Summary

Premises:	Self-service luggage cart system, automatic dispensing "vending units" and carts available to the public throughout the North, South and International Terminal Building Complex, including connecting concourses, piers, and boarding areas.
Term:	Five years
Commencement:	July, 1991
Expiration:	July, 2001[1] Resolution 96-0132, adopted May 21, 1996, exercising option period.
Option:	One five-year period exercisable at the sole discretion of the Commission.
Use & Operation:	Uses Permitted: Exclusive rental of luggage carts by Operator throughout Terminal Building Complex, garage and terminal roadway sidewalks. At Commission's discretion, carts may be provided free of charge in Customs area. Operator installs, services and maintains cart in quantities and locations approved by Director. Operation: Operator to install and operate minimum 88 vending units Airport-wide, including Customs area together with minimum 2,200 carts. Operator leases vending units to Airport in accordance with §6.01 of the Agreement.

[1] The Airport Commission determined that it was inadvisable to commence a new luggage cart operating system, and one that included braking carts, in the midst of the peak traveling season and authorized a month-to-month hold-over of the existing agreement in anticipation of a Commencement Date for the new Agreement no later than April 1, 2002.

All vending unit counters to be set to zero at installation. Carts provided in Customs to be distributed through vending units.

As required by Director, Operator to be present in Customs area during scheduled arrival time(s) of each and every International flight to assist passengers and make change.

Luggage carts and vending units to be operational 24 hours daily, seven days per week.

Rental Payment: <u>Fee</u>:

(a) Originally, the Operator paid Airport an annual consideration consisting of a MAG of $225,000 or 15% of gross revenue (see Modification #2 below).

(b) Airport pays Operator $10.00/month for each vending unit.

(c) Airport pays Operator $0.70 per cart for each cart used with the Free Cart in Customs program.

(d) Airport pays Operator annual flat fee of $487,000 to provide free carts at the Rental Car Facility.

Maintenance & Repairs: Operator agrees to maintain and repair any damages caused by its Operation. Operator responsible for maintaining all luggage carts and vending units in good operating condition.

Resolution: No. 91-0021

Lease Modifications

Modification #1, Resolution No. 94-0054, May 1, 1994 – Redefined gross revenues for the purpose of funding the Free Cart in Customs Program.

Modification #2, Resolution No. 96-0132, May 21, 1996 – Increased percentage of gross revenues to be paid as rent to the Airport from 15% to 16.7%. Exercised five-year option period.

Modification #3, Resolution No. 99-0116, April 20, 1999 – Established RAC Free Cart Program at a rate of $.70 per rental car transaction.

Modification #4, Resolution No. 00-0295, August 15, 2000 – Reduced rate paid to Smarte Carte for RAC Free Cart Program to annual flat fee of $487,000 annually.

Current Operations

Historically, the Airport has paid the Operator for the Free Cart Programs. The **Customs Program** provides free carts to arriving international passengers for the following reasons: 1.) SFO is an international gateway, 2.) international passengers arriving at SFO possess a higher than average amount of luggage necessitating the use of a luggage cart, 3.) arriving international passengers do not usually have the correct type and amount of currency to rent a cart, 4.) U.S. Customs officials have repeatedly refused to permit a currency exchange service inside the Customs area.

Under the old agreement, the Airport paid the Operator $.70 per cart used in the Customs Program, which amount was included in the "Gross Revenue" calculation of the agreement on which the Operator paid rent. Because the U.S. Customs area is a secured and closed area, the carts were brought in through a guide-way that contained a counter embedded in the floor. The wheels of the carts passed over the counter and registered the number of carts brought into the Customs area. The only way a cart would exit the secured area was by passenger use. Each month, a representative of the Operator, and a member of the Airport's accounting staff, would jointly read the counter for that accounting period's billing. This method of counting the luggage carts via the guide-way presented significant operational issues for the Airport, the Customs officials, and the Operator. The Airport determined that requiring the successful Proposer to commit to annual fees would resolve this operational issue and also place the burden of increased operational costs over the life of the Agreement on the Proposer, thus, precluding any future attempts by the Operator to renegotiate the fee amounts.

The **RAC Program** was instituted upon the opening of the Rental Car Facility on McDonnell Road. Passengers are bussed from the terminals to the RAC and vice versa. The Airport received numerous complaints that passengers had to rent a cart twice, once at the terminals and again at the RAC, when using the rental car buses. Unlike the buses, the AirTrain will accommodate luggage carts; in the meantime, the Airport perceived this as a critical service for passengers going to and from the RAC. Upon commencement of AirTrain, this service will cease.[2]

The RAC Program was initially tied to the number of car rental transactions per month. However, after an audit of the usage showed the Airport was overpaying for this service, the $.70 per rental car transaction fee was renegotiated to a flat annual fee of $487,000 and the $138,000 in overpayments under the transaction methodology was credited back to the Airport.

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[2] The Airport anticipates the Commencement of the proposed Agreement on April 1, 2002. Per the Agreement: "To the extent the RAC Program operates less than the first full Lease Year, then the Service Fee for the RAC Program for such Lease Year shall be prorated, based on a 360-day year." As the AirTrain will go on-line on August 10, 2002, the Airport will pay only 131 days of the RAC Program Fee ($174,667).

Finally, the **AirTrain Failure Contingency Program** is a contingency plan in the event the AirTrain during its regular operation fails, and the Airport must bus passengers to the RAC. The AirTrain Failure Contingency Program has not previously existed.

Historical Financial Data

The attached spreadsheets (which were included as source documents in the RFP) show the overall financial reporting for the luggage cart concession from 1996 through March 2001.

Proposed Lease and Operating Agreement

The proposed Luggage Cart Lease and Operating Agreement (Agreement) comprises two major parts: (1) the operation of the luggage cart rental program as a concession, making the Carts available for rent at $2 per cart for the traveling public, and paying to the Airport concession rent; and (2) the provision to the Airport, for a fee, the Customs Program, the RAC Program, and the AirTrain Failure Contingency Program (the "Services") as described below. Under the proposed Agreement, Smarte Carte, Inc. would provide (a) the operation of a fleet of not less than 5,500 luggage carts, equipped with brakes[3], (b) the installation, maintenance, and repair, of the luggage carts, (c) the installation, maintenance, and repair of luggage cart vending units, which automatically dispense luggage carts to the public; (d) the operation of the Luggage Cart Program including the collection and relocation of luggage carts; and (e) the provision of the Services. Exhibit A of the Agreement is a list of current rental cart locations at the Airport Terminal Complex.

SERVICES:

(1) Customs Program. Smarte Carte, Inc. must provide no less than two thousand (2,000) luggage carts in the U.S. Customs area of the International Terminal. The luggage carts will continue to be available without a rental charge in the Customs area

(2) RAC Program. Smarte Carte, Inc. must provide no less than five hundred (500) luggage carts at the Rental Car Facility until AirTrain is operational and open to the public for transport to the Rental Car Facility. The luggage carts will continue to be available without a rental charge in these areas

(3) AirTrain Failure Contingency Plan. Smarte Carte, Inc. must provide no less than five hundred (500) luggage carts at the Rental Car Facility upon

[3] The terms of the proposed Agreement require Smarte Carte to equip the luggage carts with brakes. Existing self-service luggage carts do not have brakes. Smarte Carte will either equip their existing fleet of luggage carts with breaks or manufacture new carts with brakes in order to meet the terms of the Agreement.

notification from the Airport that there is or may be an AirTrain failure, and buses must be used to transport passengers from the Terminal Building Complex to the Rental Car Facility. Smarte Carte, Inc. must provide luggage carts in the Rental Car Facility free of charge until the AirTrain service resumes or as otherwise directed by Airport Director.

Request for Proposal Process and Respondents

The Airport Commission awarded the Agreement to Smarte Carte Inc., based on a three-member panel's determination via written proposal and practical demonstration that Smarte Carte offered the best overall program and is responsive and responsible. Proposals were received from the three firms listed below. However, Top Cart, LLC's proposal was rejected prior to evaluation for failure to meet the Minimum Qualification Requirements.[4]

Smarte Carte, Inc.
Airport Carts, LLC.
Top Cart, LLC

Attached is a summary of the panel members' evaluation of the written proposals and the practical demonstrations. Please note that the scores of the panel members are a matter of public record, however, the evaluating panel members are anonymous (anonymity of panel members safeguards against undue influence being brought to bear on the evaluation process).

The Request for Proposal (RFP) did not require a Proposer to submit its methodology as to how the financial component was derived, however, Smarte Carte has provided the Airport with additional information as set forth in the following section. As the RFP process is a competitive one, and the financial component is one of the areas evaluated, the Proposer bears the risk of the cost estimation. The Minimum Qualification Requirements ensure that a Proposer is sufficiently sophisticated to accurately project its future financial requirements.

Delta Between the Existing and Proposed Agreement Amounts

MAG and Percent of Gross Revenue Delta

The function of a MAG is to ensure a certain rent threshold to the Airport; the percentage of gross revenue allows for the Airport to participate in periods of

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[4] Top Cart LLC proposed as Top Cart SFO, a limited liability company that was formed on July 20, 2001. Pursuant to the RFP requirements, "Proposers will not be permitted to enter into the Agreement or perform the Services through a newly-formed entity, including a corporation or limited liability company (except that parties may joint venture provided that they satisfy the Minimum Qualification Requirements. The parties to the Agreement must be the same person or entity(ies) which proposes and satisfies the Minimum Qualification Requirements."

higher rental activity. The MAG proposed by Smarte Carte is double the existing MAG. This high MAG places the risk of low revenues (i.e. low cart rentals) on the Operator and offsets the 1.7% reduction in the percentage of gross revenue.

Program Services Fee Delta

In general, Smarte Carte cites the following two items as being primary factors in determining its fee proposal:

Smarte Carte has stated that because the proposed Agreement triggers the **Minimum Compensation Ordinance** (MCO)[5], their labor costs are significantly increased over the term of the Agreement. Smarte Carte has given the Airport an unofficial estimate of approximately $1M for the first Lease Year in increased payroll costs. This estimate is based on a work force of between 100 and 120 cart associates, currently paid on average at $.75 over the federal minimum wage, working three 8-hour shifts.

Additionally, Smarte Carte is required to provide carts with a **braking mechanism** in order to satisfy the specifications of the proposed Agreement. Either retro-fitting existing equipment, or manufacturing new carts to meet this specification represents a significant capital investment by the Operator not previously required by the old Agreement.

Utilities and Janitorial Services

In accordance with §8.2 Utility Costs of the Agreement, Smarte Carte shall pay the whole cost of the utility services required to perform under the Agreement. Although the Proposers were not required to provide their operating budget in their responses, I requested that Smarte Carte provide their utility cost projections, however, Smarte Carte has not finalized its budget. Additionally, janitorial services are not broken out as a line item of their budget as their employees perform this function as a part of their regular duties. The Operator will most likely be subcontracting their janitorial services out in order to meet the M/WBE goals required in the Agreement.

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[5]MCO requires contractors with the City and County of San Francisco to pay minimum gross hourly compensation of $10.00 an hour beginning January 1, 2002, plus 2.5% annual increases for each of the next three years.

Attachment 6
Service Fee and Base Rent Proposal

Components	Amount Per Year: YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Service Fee – Charge to the Airport for providing the Services:					
1. Customs Program	$2,223,000 Two million two hundred twenty-three thousand dollars	$2,336,000 Two million three hundred thirty-six thousand dollars	$2,466,000 Two million four hundred sixty-six thousand dollars	$2,602,000 Two million six hundred two thousand dollars	$2,744,000 Two million seven hundred forty-four thousand dollars
2. Rental Car Facility Program (until AirTrain is Operational)	$480,000 Four hundred eighty thousand dollars	$0 Zero dollars	$0 Zero dollars	$0 Zero dollars	$0 Zero Dollars
3. AirTrain Failure Contingency Plan	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day
Total Services Fee=	$2,703,000 Two million seven hundred three thousand dollars	$2,336,000 Two million three hundred thirty-six thousand dollars	$2,466,000 Two million four hundred sixty-six thousand dollars	$2,602,000 Two million six hundred two thousand dollars	$2,744,000 Two million seven hundred forty-four thousand dollars
Base Rent – Payment to the Airport for the privilege of operating the Car Rental Program, equaling the greater of the Minimum Annual Guarantee and a percentage of Gross Revenues.	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars
(The Minimum Proposal Amount for the Minimum Annual Guarantee is $400,000. The Minimum Proposal Amount for Percentage: 15%)	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue
Total Proposed Net Fee= (Total Service Fee Minus Base Rent) For the purpose of this calculation, the Base Rent is the proposed Minimum Annual Guarantee.	$2,253,000 Two million two hundred fifty-three thousand dollars	$1,886,000 One million eight hundred eighty-six thousand dollars	$2,016,000 Two million sixteen thousand dollars	$2,152,000 Two million one hundred fifty-two thousand dollars	$2,294,000 Two million two hundred ninety-four thousand dollars

Note: Proposal amounts must be specified numerically and fully expressed in written words according t

Attachment 6 (page 2)
Service Fee and Base Rent Proposal

Components	Amount Per Year				
	OPTION YEAR 1	OPTION YEAR 2	OPTION YEAR 3	OPTION YEAR 4	OPTION YEAR 5
Service Fee – Charge to the Airport for providing the Services:					
1. Customs Program	$2,775,000 Two million seven hundred seventy-five thousand dollars	$2,800,000 Two million eight hundred thousand dollars	$2,825,000 Two million eight hundred twenty-five thousand dollars	$2,850,000 Two million eight hundred fifty thousand dollars	$2,875,000 Two million eight hundred seventy-five thousand dollars
2. Rental Car Facility Program (until AirTrain is Operational)	$0 Zero dollars	$0 Zero dollars	$0 Zero dollars	$0 Zero dollars	$0 Zero Dollars
3. AirTrain Failure Contingency Plan	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day	$500 per day Five hundred dollars per day
Total Services Fee=	$2,775,000 Two million seven hundred seventy-five thousand dollars	$2,800,000 Two million eight hundred thousand dollars	$2,825,000 Two million eight hundred twenty-five thousand dollars	$2,850,000 Two million eight hundred fifty thousand dollars	$2,875,000 Two million eight hundred seventy-five thousand dollars
Base Rent – Payment to the Airport for the privilege of operating the Car Rental Program, equaling the greater of the Minimum Annual Guarantee and a percentage of Gross Revenues.	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars	$450,000 Four hundred fifty thousand dollars
(The Minimum Proposal Amount for the Minimum Annual Guarantee is $400,000. The Minimum Proposal Amount for Percentage: 15%)	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue	15% Fifteen percent of Gross Revenue
Total Proposed Net Fee (Total Service Fee Minus Base Rent) For the purpose of this calculation, the Base Rent is the proposed Minimum Annual Guarantee.	$2,325,000 Two million three hundred twenty-five thousand dollars	$2,350,000 Two million three hundred fifty thousand dollars	$2,375,000 Two million three hundred seventy-five thousand dollars	$2,400,000 Two million four hundred thousand dollars	$2,425,000 Two million four hundred twenty-five thousand dollars

Note: Proposal amounts must be specified numerically and fully expressed in written words according to the above form.

Luggage Cart RFP Evaluation Summary

WRITTEN PROPOSAL (80% of Total Score)

	Panelist 1 TM	Panelist 1 TM	Panelist 2 SR	Panelist 2 SR	Panelist 3 VH	Panelist 3 VH	Average	Average
	Smarte Carte	Airport Carts LLC	Smarte Carte	Airport Carts LLC	Smarte Carte	Airport Carts LLC	Smarte Carte	Airport Carts LLC
Operations Plan (30 pts)	23	17	27	17	24.5	21.5	24.8	18.5
Experience & Assigned Staff (20 pts)	20	10	18	7	20	20	19.3	12.3
Equipment (20 pts)	16	11	17	7	16	12	16.3	10
Service Fee & Base Rent (30 pts)	17	24	20	30	25	30	20.7	28
Written Proposal Total	76	62	82	61	85.5	83.5	81.1	68.8

							Smarte Carte	Airport Carts LLC
80% of Score (Average Score x .8)							**64.9**	**55**

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PRESENTATION/INTERVIEW (20% of Total Score)

	Panelist 1 TM	Panelist 1 TM	Panelist 2 SR	Panelist 2 SR	Panelist 3 VH	Panelist 3 VH	Average	Average
	Smarte Carte	Airport Carts LLC	Smarte Carte	Airport Carts LLC	Smarte Carte	Airport Carts LLC	Smarte Carte	Airport Carts LLC
Oral Presentation Plan (10 pts)	8	8	10	5	10	10	9.3	7.6
Interview Questions (Total 30 pts)	25	20	29	21	27	24	27	21.7
Operations (10 pts)	9	8	9	8	7	7	8.3	7.7
Experience (10 pts)	8	6	10	5	10	8	9.3	6.3
Fee (10 pts)	8	6	10	8	10	9	9.3	7.7
Equipment (60 pts)	55	45	60	50	55	45	56.7	46.7
Presentation/Interview Total	88	73	99	76	92	79	93	76

							Smarte Carte	Airport Carts LLC
20% of Score (Average Score x .2)							18.6	15.2

Total RFP Evaluation Score							Smarte Carte	Airport Carts LLC
							83.5	70.2

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HRC 5% RATING BONUS APPLICABLE?

							Smarte Carte	Airport Carts LLC
5%							0	0

							Smarte Carte	Airport Carts LLC
80% of Written Proposal Average Score							**64.9**	**55**
20% of Presentation/Interview Average Score							**18.6**	**15.2**
HRC Rating Bonus (5%)							**0**	**0**
GRAND TOTAL							**83.5**	**70.2**

Item 5 – File 01-2283

Department:	Public Utilities Commission (PUC) Mayor's Office of Public Finance
Item:	Resolution (1) approving the issuance of not to exceed $100,000,000 aggregate principal amount of San Francisco Water Revenue Refunding Bonds to be issued by the PUC; (2) affirming covenants contained in the indenture pursuant to which the Water Revenue Refunding Bonds are issued; (3) authorizing the execution and delivery of a continuing disclosure certificate; and, (4) authorizing the taking of appropriate actions in connection with the issuance of the Water Revenue Refunding Bonds.
Amount:	Not to exceed $100,000,000
Source of Funds:	Water Revenue Refunding Bonds
Description:	Proposition B, which was passed by the San Francisco electorate in November of 1984, authorized the issuance of up to $104,000,000 in Water Revenue Bonds to finance the expansion and reconstruction of existing PUC facilities. Pursuant to this authorization, the Board of Supervisors authorized the PUC to issue up to $104,000,000 in Water Revenue Bonds in 1985. In 1987, the Board of Supervisors authorized the PUC to issue $106,117,011 in Water Revenue Refunding Bonds to refund the 1985 Water Revenue Bonds and in 1992, the Board of Supervisors authorized the PUC to issue $107,180,000 in Water Revenue Refunding Bonds to refund the 1987 Water Revenue Refunding Bonds.

Approval of the proposed resolution would authorize the PUC to issue tax-exempt Water Revenue Refunding Bonds in an amount not to exceed $100,000,000, in order to refund the outstanding amount of $92,105,000 in 1992 Water Revenue Refunding Bonds. In accordance with Section 9.109 of the Charter, the Board of Supervisors is authorized to approve the issuance of revenue refunding bonds, if such bonds are expected to result in net debt service savings to the City on a present value basis. According to Ms. Ester Abenojar of the PUC, Water Revenue Refunding Bonds are repaid from the net

revenues of the Water Enterprise. According to Ms. Michelle Sexton of the City Attorney's Office, these Water Revenue Refunding Bonds do not require the City's General Fund to repay the bonds.

According to Ms. Abenojar, the existing 1992 Water Revenue Refunding Bonds have interest rates of between 6 percent and 6.5 percent and were issued with a 23-year term, with a final payment date on November 1, 2015. The 1992 Water Revenue Refunding Bonds can be called from investors beginning on November 1, 2002. According to Ms. Abenojar, the interest rates for the subject proposed Water Revenue Refunding Bonds are estimated to range from 2.3 to 4.5 percent and would have a 13-year term with the final payment still on November 1, 2015. The current outstanding principal amount of the 1992 Water Revenue Refunding Bonds is $92,105,000. The Attachment, provided by the PUC, is a debt service comparison between the 1992 Water Revenue Refunding Bonds and the proposed Water Revenue Refunding Bonds.

As shown in the Attachment, the proposed refinancing of the 1992 Water Revenue Refunding Bonds will result in a total net present value savings of 6.967 percent of the par amount of the 1992 Water Revenue Refunding Bonds or a total net present value savings in aggregate debt service of $6,417,026, over the remaining 13-year term of the bonds. This estimated savings is based on a par amount of $92,105,000 at an average annual interest rate of four percent for a term of 13 years, according to Ms. Abenojar.

Comments:

1. Ms. Abenojar reports that the principal that would be outstanding on the prior 1992 Water Revenue Refunding Bonds will be $92,105,000 on the date the 1992 Water Revenue Refunding Bonds are called, which is projected to be November 1, 2002. The prior 1992 Water Revenue Refunding Bonds have a Debt Service Reserve Fund which has a current balance of approximately $4,922,438. Those monies from the Debt Service Reserve Fund would be released when the 1992 Water Revenue Refunding Bonds are defeased.[1] According to Ms. Abenojar,

[1] Defeasance is the term used to describe the termination of all rights and interests of the bondholders upon final payment of all debt service, in the manner required by the terms and conditions of the bond resolution.

approximately $4,488,415 of the $4,922,438 Debt Service Reserve Fund would be used to fund a new Debt Service Reserve Fund for the proposed refunding bonds. According to Ms. Abenojar, the balance of $434,023 ($4,922,438 less $4,488,415) would be allocated to the cost of issuance of the Water Revenue Refunding Bonds, which is estimated to be $350,000 (see Comment No.3) and the remaining approximately $84,023 ($434,023 less $350,000) would be available for capital project costs.

However, Ms. Abenojar advises, if it is economical, the PUC may fund a new Debt Service Reserve Fund by obtaining a Surety Policy for the proposed Water Revenue Refunding Bonds. The Surety Policy is similar to an insurance policy and is used in lieu of a Debt Service Reserve Fund. The Surety Policy amount would be equal to the Debt Service Reserve Fund requirement of an estimated $4,488,415. A Surety Policy is consistent with prior Water Enterprise revenue bond issuances. A Surety Policy on the Water Revenue Refunding Bonds would cost approximately 1.68 percent of the amount of the Debt Service Reserve Fund amount of $4,488,415, or $75,405, which would be funded from the Debt Service Reserve Fund on the 1992 Water Revenue Refunding Bonds. According to Mr. Eric Sandler of the PUC, as of the writing of this report, the PUC has not yet determined whether a cash Debt Service Reserve Fund will be utilized or whether a Surety Policy will be obtained and, as of the writing of this report, he is uncertain as to the precise amount of savings which would result by using a Surety Policy instead of a Debt Service Reserve Fund.

2. Ms. Abenojar notes that the exact amount of the proposed Water Revenue Refunding Bond issuance, in an amount not to exceed $100,000,000, will not be known until the date of the sale of the Water Revenue Refunding Bonds, as the interest rate will affect the aggregate principal amount needed to fund the refunding escrow account, the cost of the bond issuance, bond insurance, and either a cash Debt Service Reserve Fund or a Surety Policy.

3. Ms. Abenojar estimates that the bond issuance costs would be $350,000. The cost of issuance is to be paid with

bond proceeds and/or the available cash which had funded the existing Debt Service Reserve Fund for the 1992 Water Revenue Refunding Bonds.

4. This subject resolution also authorizes taking future actions in connection with the Water Revenue Refunding Bonds, such as obtaining a bond rating for the Water Revenue Refunding Bonds, obtaining bond insurance and obtaining a Surety Policy if such a policy is in the best interest of the City, and approves the form of several documents to be executed in connection with this subject refunding, including 1) a Continuing Disclosure Certificate; and, 2) an Official Statement.

Recommendation: Approve the proposed resolution.

$95,875,000

Public Utilities Commission of the City and County of San Francisco
San Francisco Water Revenue Refunding Bonds, Series 2001

DEBT SERVICE COMPARISON

Date	Total P+I	DSR	Net New D/S	Old Net D/S	Savings	FISCAL TOTAL
8/01/2002	-	-	-	-	-	-
11/01/2002	7,161,599.75	(90,051.12)	7,071,548.63	6,828,674.67	(242,873.96)	-
5/01/2003	1,669,292.00	(181,004.26)	1,488,287.74	2,373,924.67	885,636.93	-
6/30/2003	-	-	-	-	-	642,762.97
11/01/2003	7,319,292.00	(181,004.26)	7,138,287.74	6,958,924.67	(179,363.07)	-
5/01/2004	1,597,537.00	(181,004.26)	1,416,532.74	2,236,374.67	819,841.93	-
6/30/2004	-	-	-	-	-	640,478.86
11/01/2004	7,392,537.00	(181,004.26)	7,211,532.74	7,101,374.67	(110,158.07)	-
5/01/2005	1,515,537.75	(181,004.26)	1,334,533.49	2,087,384.05	752,850.56	-
6/30/2005	-	-	-	-	-	642,692.49
11/01/2005	7,465,537.75	(181,004.26)	7,284,533.49	7,242,384.05	(42,149.44)	-
5/01/2006	1,425,692.75	(181,004.26)	1,244,688.49	1,925,001.55	680,313.06	-
6/30/2006	-	-	-	-	-	638,163.62
11/01/2006	7,550,692.75	(181,004.26)	7,369,688.49	7,410,001.55	40,313.06	-
5/01/2007	1,328,611.50	(181,004.26)	1,147,607.24	1,750,167.17	602,559.93	-
6/30/2007	-	-	-	-	-	642,872.99
11/01/2007	7,643,611.50	(181,004.26)	7,462,607.24	7,580,167.17	117,559.93	-
5/01/2008	1,219,362.00	(181,004.26)	1,038,357.74	1,563,607.17	525,249.43	-
6/30/2008	-	-	-	-	-	642,809.36
11/01/2008	7,759,362.00	(181,004.26)	7,578,357.74	7,773,607.17	195,249.43	-
5/01/2009	1,099,680.00	(181,004.26)	918,675.74	1,364,887.17	446,211.43	-
6/30/2009	-	-	-	-	-	641,460.86
11/01/2009	7,874,680.00	(181,004.26)	7,693,675.74	7,974,887.17	281,211.43	-
5/01/2010	971,971.25	(181,004.26)	790,966.99	1,150,062.17	359,095.18	-
6/30/2010	-	-	-	-	-	640,306.61
11/01/2010	8,016,971.25	(181,004.26)	7,835,966.99	8,190,062.17	354,095.18	-
5/01/2011	834,946.00	(181,004.26)	653,941.74	938,862.17	284,920.43	-
6/30/2011	-	-	-	-	-	639,015.61
11/01/2011	8,134,946.00	(181,004.26)	7,953,941.74	8,388,862.17	434,920.43	-
5/01/2012	690,406.00	(181,004.26)	509,401.74	715,362.17	205,960.43	-
6/30/2012	-	-	-	-	-	640,880.86
11/01/2012	8,280,406.00	(181,004.26)	8,099,401.74	8,615,362.17	515,960.43	-
5/01/2013	534,811.00	(181,004.26)	353,806.74	478,362.17	124,555.43	-
6/30/2013	-	-	-	-	-	640,515.86
11/01/2013	8,424,811.00	(181,004.26)	8,243,806.74	8,843,362.17	599,555.43	-
5/01/2014	367,543.00	(181,004.26)	186,538.74	227,412.17	40,873.43	-
6/30/2014	-	-	-	-	-	640,428.86
11/01/2014	8,012,543.00	(181,004.26)	7,831,538.74	8,510,225.23	678,686.49	-
5/01/2015	201,264.25	(185,723.25)	15,541.00	(19,786.94)	(35,327.94)	-
6/30/2015	-	-	-	-	-	643,358.55
11/01/2015	9,166,264.25	(9,166,264.25)	-	-	-	-
Total	123,659,908.75	(13,786,140.86)	109,873,767.89	118,209,515.39	8,335,747.50	-

PRESENT VALUE ANALYSIS SUMMARY (NET TO NET)

Gross PV Debt Service Savings	9,973,896.99
Effects of changes in DSR investments	(3,556,870.60)
Net PV Cashflow Savings @ 4.172% (AIC)	6,417,026.39
NET PRESENT VALUE BENEFIT	$6,417,026.39
NET PV BENEFIT / $92,105,000 REFUNDED PRINCIPAL	6.967%
NET PV BENEFIT / $95,875,000 REFUNDING PRINCIPAL	6.693%

Montague DeRose and Associates
Public Finance

File = SAN FRAN PUC.SF
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Items 6, 7 and 8 - Files 02-0046, 02-0047, and 02-0048

Department: Real Estate Division

Items: Item 6, File 02-0046: Resolution authorizing and approving a lease for cellular transmitter space at Fire Station 30 (inactive) at 1300 4th Street to Bay Area Cellular Telephone Company dba AT&T Wireless.

Item 7, File 02-0047: Resolution authorizing and approving a lease for cellular transmitter space at the Mental Health Rehabilitation Facility at San Francisco General Hospital to Sprint Spectrum Limited Partnership.

Item 8, File 02-0048: Resolution authorizing and approving three leases for cellular transmitter space at Fire Station 40 at 2155 18th Avenue, Fire Station 6 at 135 Sanchez Street, and Fire Station 15 at 1000 Ocean Avenue, San Francisco to Metro PCS.

Locations: Item 6, File 02-0046: Fire Station 30 is located at 1300 4th Street, on the southwest corner of 3rd Street (Assessor's Block 3837, Lot 4).

Item 7, File 02-0047: The San Francisco General Hospital Mental Health Rehabilitation Facility is located at 887 Potrero Avenue, on the northeast corner of 22nd Street (Assessor's Block 4090, Lot 2).

Item 8, File 02-0048: Fire Station 40 is located at 2155 18th Avenue between Santiago Street and Taravel Street (Assessor's Block 2199, Lot 3); Fire Station 6 is located at 135 Sanchez Street between Market Street and 14th Street (Assessor's Block 3524, Lot 25); and Fire Station 15 is located at 1000 Ocean Avenue on the northwest corner of Phelan Avenue (Assessor's Block 3780, Lot 1).

Purpose of Leases: To allow Bay Area Cellular Telephone Company dba AT&T Wireless, Sprint Spectrum Limited Partnership, and Metro PCS to locate cellular telephone transmitters on City-owned facilities.

Lessor: City and County of San Francisco

Lessees:	Bay Area Cellular Telephone Company (Item 6, File 02-0046), Sprint Spectrum Limited Partnership (Item 7, File 02-0047), and Metro PCS (Item 8, File 02-0048)
No. of Sq. Ft. and Monthly and Annual Rent Payable by Lessees to the City:	<u>Item 6, File 02-0046:</u> Approximately 12 square feet at $1,200 per month ($14,400 annually) <u>Item 7, File 02-0047</u>: Approximately 189 square feet at $5,000 per month ($60,000 annually) <u>Item 8, File 02-0048</u>: Three leases: 1) Fire Station 40 - Approximately 20 square feet at $3,000 per month ($36,000 annually) 2) Fire Station 6 - Approximately 60 square feet at $3,000 per month ($36,000 annually) 3) Fire Station 15 - Approximately 24 square feet at $3,000 per month ($36,000 annually)
Term of Five Leases:	Five years expected to commence as of March 15, 2002, and to expire on March 14, 2007, five years after the commencement date.
Right of Renewal:	Under the terms of each of the proposed leases the lessees would have the option of one additional term of five years.
Rent Adjustments:	At the anniversary date of each lease, anticipated to begin on March 15, 2003, and for the remaining four years of each of the proposed five leases, the base rent will be adjusted annually by the annual percentage increase in the Consumer Price Index (CPI). The monthly base rent on or after the adjustment date cannot be less than the monthly base rent in effect immediately prior to the adjustment date. Additionally, prior to the exercise of the five-year options, the base rent would be adjusted to equal the fair market rent of the subject property. This adjustment would be determined by the Real Estate Division (RED), using a

market survey approach for comparable space leased for cellular telephone transmitters.

Utilities and Janitorial Provided by Lessees: Lessees pay for the cost of all utilities and janitorial services for each of the proposed five leases.

Tenant Improvements: Upon commencement of the subject leases, Bay Area Cellular Telephone Company, Sprint Spectrum Limited Partnership, and Metro PCS will install, solely at their cost, the necessary cellular transmitter equipment at the five City-owned facilities.

Descriptions: Items 6, Files 02-0046: The proposed resolution would authorize a five-year lease between the City and Bay Area Cellular Telephone Company for ground space adjacent to Fire Station 30, located on 1300 4th Street.

Under the subject lease, and Bay Area Cellular Telephone Company proposes to construct and maintain 1) one equipment cabinet on the Station's site, 2) one battery pack on the Station's site, and 3) up to two antennae attached to the side of the fire house. According to Mr. Larry Jacobson of RED, the equipment cabinet will relay telephone signals to and from cellular phone users, while the battery pack will supply emergency power. The approximate service area would be a short portion of 3rd Street, south of Mission Creek.

Item 7, File 02-0047: The proposed resolution would authorize a five-year lease between the City and Sprint Spectrum Limited Partnership for space on the roof of the San Francisco General Hospital Mental Health Rehabilitation Building, located at 887 Portrero Avenue.

Under the subject lease, Sprint Spectrum Limited Partnership proposes to construct and maintain 1) six equipment cabinets on the Building's roof, 2) one emergency generator on the Building's roof, and 3) six antennae placed behind the parapet facing the south, west and north streets. The approximate service area will be US 101 and the eastern portion of the Mission District.

Item 8, File 02-0048: The proposed resolution would authorize three five-year leases between the City and Metro PCS for space on the roof of 1) Fire Station 40, located at 2155 18th Avenue, 2) Fire Station 6, located at 135 Sanchez Street, and 3) Fire Station 15, located at 1000 Ocean Avenue.

Under the subject lease, Metro PCS proposes to construct and maintain 12 equipment cabinets and three antennae on the roof and hose tower of both Fire Stations 15 and 40. Metro PCS would also place 14 equipment cabinets and nine antennae on the roof and hose tower of Fire Station 6. The approximate service areas will be as follows: 1) Fire Station 40 – 19th Avenue/Sunset District, 2) Fire Station 6 – Market St./ Duboce Triangle/ Western Addition/ Eureka Valley, 3) Fire Station 15 – Ocean Avenue/Phelan Avenue, City College, Westwood Park and Ingleside.

Comments:

1. According to Mr. Jacobson, the proposed rental rates represent RED's current rates for cellular communication site leases and are considered to represent fair market value. Attachment I, provided by Mr. Jacobson, explains the basis of the rent to be charged for each of the proposed five leases.

According to Mr. Jacobson, the rental value of cellular transmission space is based upon the service provided to cellular phone users and the amount of potential phone traffic at specific locations, and is not based upon the number of square feet at the transmitter site. The rentable area at each of the three proposed leases varies in size due to the differing size specifications of the equipment needed at each location. Mr. Jacobson notes that the rental rate of $1,200 per month for Fire Station 30 (Item 6, File 02-0046) is significantly lower than the rental rate of $5,000 per month for the San Francisco General Hospital Mental Health Rehabilitation Building (Item 7, File 02-0047) due to a smaller coverage area at Fire Station 30.

2. Mr. Jacobson advises that RED is not required to conduct a competitive bidding process for awarding leases for cellular transmitter space because it would be impractical. Mr. Jacobson notes that the selection of lessees are in accordance with Chapter 23, Section 23.30 of the Administrative Code, which states, "The Director of

Property shall arrange for such Lease to the highest responsible bidder in accordance with Competitive Bidding Procedures, unless...such Competitive Bidding Procedures are impractical or impossible...", Mr. Jacobson states that Bay Area Cellular Telephone Company, Sprint Spectrum Limited Partnership, and Metro PCS requested the subject sites as part of each company's cellular coverage plan, for cellular transmitter space as is the standard procedure. Attachment II, provided by Mr. Jacobson, is a memo describing the impractical nature to request bids for cellular transmitter space.

3. Mr. Jacobson reports that according to the Notice of Special Restrictions under Article 7, Section 174 of the City Planning Code, all of the subject projects have been reviewed by a certified professional engineer retained by the lessees. According to Mr. Jacobson, Hammett & Edison Inc. has reviewed Bay Area Cellular Telephone Company, Sprint Spectrum Limited Partnership, and Metro PCS radio frequency emissions, and has determined that the proposed sites are in compliance with radio wave requirements set by the Federal Communications Commission and the America National Standards Institute (ANSI), a nonprofit organization that administers and coordinates multi-industry standards.

4. Each of the three proposed resolutions authorizes the Director of Property to "...enter into any amendments or modifications to the Lease...that the Director of Property determines, in consultation with the City Attorney, are in the best interest to the City, do not increase the rent or otherwise materially increase the obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of the Lease or this resolution, and are in compliance with all applicable laws, including City's Charter."

Recommendation: Approve the proposed resolutions.

Harvey M. Rose

Supervisor Peskin
Supervisor Maxwell
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

City and County of San Francisco

Real Estate Division
Administrative Services Department

Attachment I

MEMORANDUM

DATE: January 16, 2002

TO: Leanne Nhan
Budget Analyst's Office

FROM: Larry Jacobson
Real Estate Division

SUBJECT: Cell Phone Transmitter Rental Rates

This memorandum is to inform you of the three fees currently applied to these cell phone transmitter sites. These sites are large enough for a second and in some cases, a third cell phone company to co-locate and place transmitters and antennae in operation. Co-location cannot occur without Planning and Board of Supervisor approval.

- Sprint Spectrum will pay $5,000.00 per month rent based upon its cell phone coverage of the James Lick Freeway. Sites adjacent to US 101 Freeway, I-80 and Bay Bridge approach as well as Doyle Drive and the Golden Gate Bridge, e.g., Hall of Justice, San Francisco General Hospital are $5,000.00 per month rent. Rent is based upon traffic counts of 92,000,000 vehicles per annum on US 101/I-80, and 44,000,000 vehicles per annum on the Golden Gate Bridge.

- Metro PCS will pay $3,000.00 per month rent for sites located at Fire Stations along major City streets. Sites covering high volume streets, e.g., Oak, Fell, Gough, Franklin, Lombard, Market St., 19th Avenue, etc. are $3,000.00 per month. Rent is based upon 12,000,000 to 25,000,000 vehicles per annum. The Fire station at Ocean Ave. and Phelan Ave. serves these streets and City College.

- AT&T will pay $1,200.00 per month rent. Sites which provide micro coverage for a fraction of a square mile; such as a three or four block coverage area pay $1,200.00 per month.

If you have any questions please call me at 554-9863.

I/LJ/CellPh Transmtr Rentl2 _BudgtAnalys

(415) 554-9850
FAX: (415) 552-9216

Office of the Director of Property
25 Van Ness Avenue, Suite 400
San Francisco,

City and County of San Francisco

Real Estate Division
Administrative Services Department

Attachment 2

MEMORANDUM

DATE: January 15, 2002

TO: Leanne Nhan
Budget Analyst's Office

FROM: Larry Jacobson
Senior Real Property Officer

SUBJECT: Siting Cellular Phone Transmitters;
Reason it is impractical to request bids

Each cellular phone company establishes its own set of cells; each cell covers a finite geographic area. The area of the cell, generally round, is affected by both topography and the amount of telephone traffic within any geographic area.

Cellular phone companies have different cell configurations. The cellular phone company, based upon its cell configuration, determines where to place the transmitter and antennae and approaches the property owner.

The City and County of San Francisco can often accommodate cell phone companies on City property - but not always. There may be problems such as finding space for the transmitter equipment, 24-hour access, proximity to neighboring apartment houses, etc. Since cellular phone companies have differing needs for siting cell phone transmitters, it is impractical to request bids for a specific site since generally only one company has an interest in a selected site.

Finally, FCC requirements provide for co-location of cell phone equipment. The companies doing business in San Francisco have approached the City on a number of occasions seeking co-location. The Metro PCS application on Fire Station 15 at 1000 Ocean Avenue is a co-location site.

LJ\CellPh Transmtr Siting BdgtAnal 2002

415) 554-9850
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4102

Office of the Director of Property
25 Van Ness Avenue, Suite 400

San Francisco, CA

City and County of San Francisco
Meeting Minutes
Finance Committee

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Members: Supervisors Aaron Peskin and Sophie Maxwell

Clerk: Gail Johnson

Wednesday, January 30, 2002 | **10:00 AM** | **City Hall, Room 263**

Regular Meeting

Members Present: Aaron Peskin, Chris Daly, Sophie Maxwell.

Supervisor Ammiano appointed Supervisor Daly to serve as Vice Chair at today's Finance Committee meeting.

MEETING CONVENED

The meeting convened at 10:05 a.m.

012282 **[2002 Water Revenue Bonds Issuance]**

Resolution approving the issuance of not to exceed $164,000,000 aggregate principal amount of San Francisco water revenue bonds to be issued by the Public Utilities Commission of the City and County of San Francisco; affirming covenants contained in the indenture pursuant to which the water revenue bonds are issued; and authorizing the taking of appropriate actions in connection therewith; and related matters. (Public Utilities Commission)

12/19/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Kingsley Okereke, Director of Finance, Public Utilities Commission; Theodore Lakey, Deputy City Attorney.
Amended on page 2, line 3, by replacing "$140,000,000" with "$164,000,000."
Continued to 2/13/02.

AMENDED.

CONTINUED AS AMENDED by the following vote:
Ayes: 3 - Peskin, Daly, Maxwell

020003 **[Grant of up to $500,000 from the California Integrated Waste Management Board for clean-up of illegal dumping sites in San Francisco]**

Supervisors McGoldrick, Peskin, Hall, Newsom

Resolution authorizing the Director of Public Works to accept and expend a grant in the amount of $500,000 from the California Integrated Waste Management Board for clean-up of illegal dumping sites in San Francisco. (Public Works Department)

12/31/01, RECEIVED AND ASSIGNED to Public Health and Environment Committee.

1/18/02, TRANSFERRED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Edwin Lee, Director, Department of Public Works

RECOMMENDED.. by the following vote:
Ayes: 3 - Peskin, Daly, Maxwell

020096 [Establishing Monthly Contribution to Health Service Trust Fund]

Resolution establishing monthly contribution amount to Health Service Trust Fund. (Human Resources Department)

(Fiscal impact.)

1/16/02, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the January 30, 2002 meeting.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Yvonne Hudson, Director, Health Service System; Mike Kramer, Towers Perrin (consultant to Health Service System); Alice Villagomez, Deputy Director, Employee Relations Division, Human Resources Department; Jonathan Holtzman, Mayor's Office; Theodore Lakey, Deputy City Attorney.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

020100 [Public Auction - Tax Defaulted Real Property]

Resolution authorizing Tax Collector to sell at public auction certain parcels of tax-defaulted real property. (Treasurer-Tax Collector)

1/14/02, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be scheduled for consideration as soon as possible.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Francis Nguyen, Manager, Property Tax/License, Office of the Treasurer and Tax Collector.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

020046 [Bay Area Cellular Telephone Company dba AT&T Wireless Lease]

Resolution authorizing and approving a lease of cellular transmitter space at the Fire Station 30 (inactive) at 1300 4th Street to Bay Area Cellular Telephone Company dba AT&T Wireless. (Real Estate Department)

1/9/02, RECEIVED AND ASSIGNED to Finance Committee.

1/23/02, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc McDonald, Director of Property, Real Estate Division, Department of Administrative Services.
Continued to 1/30/02.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc McDonald, Director of Property, Real Estate Division, Administrative Services Department; Captain James Lee, Support Services, Fire Department. (An amended lease was placed in the file of the Board by the Department.)

RECOMMENDED.. by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

020059 [Reserved Funds, Human Resources Department]

Hearing to request release of reserved funds, Department of Human Resources (Fiscal Year 2001-02 Budget), in the amount of $12,716,850 to fund the remaining salary and fringe benefits for the Special Assistant positions. (Human Resources Department)

1/11/02, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the January 30, 2002 meeting.

1/23/02, CONTINUED. Heard in Committee. Speakers: Edward Harrington, Controller; Steve Kawa, Mayor's Office; Jonathan Holtzman, Mayor's Office; Geoffrey Rothman, Director, Employee Relations Division, Department of Human Resources; Carol Isen, Associate Director, Local 21; Jean Mariani.
Continued to 1/30/02.

Heard in Committee. Speakers: Jonathan Holtzman, Mayor's Office; Andrea Gourdine, Human Resources Director; David Novogrodsky, International Federation of Professional and Technical Engineers, Local 21; Harvey Rose, Budget Analyst; Todd Rydstrom, Controller's Office.
Release of reserved funds in the amount of $2,543,370 (1/5 of funds requested) approved. Consideration of remainder ($10,173,480) continued to the Call of the Chair.
Title of hearing amended by replacing "$12,716,850" with "$10,173,480."

AMENDED.

Hearing to request release of reserved funds, Department of Human Resources (Fiscal Year 2001-02 Budget), in the amount of $10,173,480 to fund the remaining salary and fringe benefits for the Special Assistant positions. (Human Resources Department)

CONTINUED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

ADJOURNMENT

The meeting adjourned at 12:12 p.m.

.25

0/02

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

January 24, 2002

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: January 30, 2002 Finance Committee Meeting

Item 1 – File 01-2282

Department: Public Utilities Commission (PUC)

Item: Resolution authorizing the issuance of not to exceed $164,000,000 in aggregate principal amount of San Francisco Water Revenue Bonds to be issued by the PUC for the purpose of water system reliability and seismic safety improvements and Safe Drinking Water improvements; affirming covenents contained in the indenture pursuant to which the Water Revenue Bonds are issued; and, authorizing the taking of appropriate actions in connection with the issuance of the Water Revenue Bonds.

Amount: Not to exceed $164,000,000

Source of Funds: San Francisco Water Revenue Bonds (Water Revenue Bonds)

Description: On November 4, 1997 San Francisco voters approved (a) Proposition A, authorizing the City to issue $157,000,000 in Water Revenue Bonds to construct reliability and seismic safety improvements to the City's water system (Systems Reliability Projects); and, (b) Proposition B,

authorizing the City to issue $147,000,000 in Water Revenue Bonds to construct safe drinking water improvements to the City's water system (Safe Drinking Water Projects). The total authorized bond amount for the two bond issues is $304,000,000. In May of 1999, the Board of Supervisors authorized the issuance of up to $140,000,000 in Water Revenue Bonds of the total voter-approved bond amount of $304,000,000 for Systems Reliability Projects and Safe Drinking Water Projects (File 99-0784). According to Ms. Ester Abenojar of the PUC, the PUC issued $140,000,000 in Water Revenue Bonds in July of 2001 (see Comment No. 1).

This proposed resolution would authorize the PUC to issue the remaining $164,000,000, out of the total voter-authorized bond amount of $304,00,000, for the purpose of (1) completing the Systems Reliability Projects and the Safe Drinking Water Projects; (2) funding debt service reserves; and, (3) paying the costs of issuance. Ms. Abenojar advises that the System Reliability Projects and the Safe Drinking Water Projects would provide the City's three water treatment facilities with upgrades to improve water quality and upgrade the water distribution system, pumping stations and treated water storage facilities for the Water Enterprise's water system. The proposed resolution would also approve the form and terms of documents and official notices related to the bond sale, and authorize City officials to take various actions necessary to carry out the sale of the bonds.

The City's authority to issue the proposed $164,000,000 in Water Revenue Bonds for the Systems Reliability Projects and the Safe Drinking Water Projects comes from Charter Section 9.107. According to Ms. Abenojar, bondholders of these Water Revenue Bonds are paid from the net revenues of the Water Enterprise. Ms. Michelle Sexton of the City Attorney's Office advises that these Water Revenue Bonds do not require the City's General Fund to repay the bonds. Ms. Sexton further advises that when the subject Water Revenue Bonds are issued, they will be tax-exempt.

The general provisions of the sale of the Water Revenue Bonds would be as follows:

- The timing of issuance of the Water Revenue Bonds will be determined by market conditions. However, the PUC anticipates issuing the Water Revenue Bonds in July of 2002.

- The Water Revenue Bonds will have a 30-year life.

- The bonds would be issued at an interest rate not to exceed eight percent.

Ms. Abenojar advises that if the bonds were issued at this time, the bonds would have an estimated interest rate of between 5 percent and 5.5 percent. As shown in Attachment I, provided by the PUC, the proposed sale of the $164,000,000 in Water Revenue Bonds, assuming an interest rate of 5.5 percent, would result in a total debt service of approximately $338,522,517 ($164,000,000 in principal payments plus $174,522,517 in interest costs) over the 30-year life of the bonds. Therefore, the average annual debt service on the Water Revenue Bonds, assuming a 5.5 percent interest rate is approximately $11,284,084 annually to be paid from the Water Enterprise's net revenues.

The following is a breakdown of the estimated sources and uses of the $164,000,000 of bond funds:

Estimated Sources of Funds	
Principal Amount of 2002 Bonds	$164,000,000
Total Sources	$164,000,000
Estimated Uses of Funds	
Deposit to 2002 Series A Project Fund	112,226,519
Deposit to 2002 Series A Refunding Fund[1]	50,149,648
Cost of Issuance[2]	1,120,353
Underwriter's Discount[3]	503,480
Total Uses	164,000,000

[1] Assumes SFPUC will issue $48 million in Commercial Paper (CP) notes to cover Feb. 2002 - July 2002 project costs. Interest rate is 1.75% for 30-day maturity in case CP interest rates rise (see Comment No. 1).
[2] 0.683% times $164,000,000. Cost of issuance includes use of a Surety Policy (see Comment No. 6)
[3] 0.307% times $164,000,000

Comments:

1. According to Ms. Abenojar, in May of 1999 the Board of Supervisors authorized the PUC to issue up to $150,000,000 in commercial paper[1] for the purpose of financing and refinancing certain capital improvements to the City's water system and for the costs of issuance and other related costs (File 98-2026). In October 2000 the Board of Supervisors authorized the PUC to expand the aggregate principal amount which could be outstanding at any one time in its commercial paper program from $150,000,000 to $250,000,000, an increase of $100,000,000 or approximately 66.7 percent (File 00-1789). According to Ms. Abenojar, under the original commercial paper resolution (File 98-2026) the PUC was authorized to issue commercial paper to fund the costs of water system improvement projects on an interim basis until all of the $304,000,000 in voter-authorized Water Revenue Bonds are sold. Ms. Abenojar advises that in July of 1999 the PUC began issuing commercial paper to fund the Systems Reliability Projects and the Safe Drinking Water Projects.

Ms. Abenojar advises that in July of 2001 the PUC issued the previously approved Water Revenue Bonds in the amount of $140,000,000 (File 99-0874) to refund approximately $85,000,000 in commercial paper and the remaining approximately $55,000,000 was used to fund the costs of the Systems Reliability Projects and Safe Drinking Water Projects. Ms. Abenojar advises that the PUC will continue to use commercial paper to fund the Systems Reliability Projects and the Safe Drinking Water Projects until the proposed not to exceed $164,000,000 in Water Revenue Bonds are sold, which is estimated to be July of 2002, in order to take advantage of current short-term commercial paper interest rates. As of January 14, 2002, 30-day commercial paper interest rates were 1.3 percent, according to Ms. Abenojar. When bond market interest rates are favorable to the City, the PUC will issue the $164,000,000 in Water Revenue Bonds and refund any outstanding commercial paper.

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[1] Commercial paper is issued on an as-needed basis to meet short-term cash demands and can be used as a short-term, low-cost source of construction financing prior to the sale of long-term Revenue Bonds. The PUC's Commercial Paper program is not backed by General Fund Revenues and does not create any exposure to the General Fund.

2. Attachment II, provided by the PUC, is a list of the existing Systems Reliability Projects and the Safe Drinking Water Projects, including project costs. As shown in Attachment II, the total estimated cost for the Systems Reliability Projects is $156,968,550 (see Comment No. 5), and the total estimated cost for the Safe Drinking Water Projects is $147,000,000. Therefore, the total cost for both the Systems Reliability Projects and Safe Drinking Water Projects is $303,968,550. Those total costs are funded from the total voter-authorized bond amount of $304,000,000, of which $140,000,000 was issued by the PUC in July of 2001 and $164,000,000 would be issued by the PUC in July of 2002 if this proposed resolution is approved.

3. Ms. Abenojar advises that the PUC began the subject Systems Reliability Projects and the Safe Drinking Water Projects in July of 1999 and the completion date for the projects vary, depending on the project. As of December 31, 2001, the PUC has expended approximately $71,178,508 on the Systems Reliability Projects and approximately $43,059,742 on the Safe Drinking Water Projects for total expenditures of $114,238,250. Attachment III, provided by the PUC, contains actual expenditures, by project, to date, as well as estimated project completion dates.

4. According to Ms. Abenojar, the amount appropriated for the Systems Reliability Projects and the Safe Drinking Water Projects is as follows: FY 1999-2000, $126,099,850; FY 2000-2001, $100,232,700; and, FY 2001-2002, $77,636,000, for a total appropriation of $303,968,550. The remaining revenue bond fund proceeds in the amount of $31,450 ($304,000,000 less $303,968,550) will be included in the Water Department's FY 2002-2003 budget request, according to Mr. Carlos Jacobo of the PUC. Mr. Jacobo advises that the prior appropriation of $303,968,550 for the Systems Reliability Projects and the Safe Drinking Water Projects was from commercial paper proceeds previously approved by the Board of Supervisors, which are reimbursed when the voter-approved Water Revenue Bonds are sold. As noted above, as of December 31, 2001, approximately $114,238,250 of the previously

authorized $140,000,000 Water Revenue Bond proceeds has been expended.

5. According to Ms. Abenojar, the total estimated cost of the Systems Reliability Projects is $156,968,550, which is $31,450 less than the voter-approved bond amount of $157,000,000 ($157,000,000 less total project costs of $156,968,550). Ms. Abenojar advises that the total estimated cost of the Safe Drinking Water Projects is $147,000,000. Ms. Abenojar advises that the $31,450 would be allocated to the costs of the Water Revenue Bond issuance, which is estimated to be $1,120,353, and any unspent revenue bond funds and related interest earnings would be allocated to capital improvement projects consistent with the purposes approved by the San Francisco voters in 1997.

6. Ms. Abenojar advises that the Debt Service Reserve Fund is estimated to be approximately $5,642,042, or half of the maximum annual debt service payment of approximately $11,284,084. Typically, a Debt Service Reserve Fund is funded from the bond proceeds. However, Ms. Abenojar advises that, if it is economical, the PUC may fund the Debt Service Reserve Fund by obtaining a Surety Policy for the proposed Water Revenue Bonds. A Surety Policy is similar to an insurance policy and is used in lieu of a Debt Service Reserve Fund. The Surety Policy amount would be equal to the Debt Service Reserve Fund requirement of an estimated $5,642,042. A Surety Policy on the Water Revenue Bonds would cost approximately 1.68 percent of the amount of the Debt Service Reserve Fund amount of $5,642,042, or $94,786, which would be funded from the bond proceeds. Ms. Abenojar advises that the estimated sources and uses of the $164,000,000 of bond funds, provided in the table above, assumes that the PUC would obtain a Surety Policy and such costs are included in the estimated cost of issuance of $1,120,353. However, according to Ms. Abenojar, as of the writing of this report, the PUC has not yet determined whether a cash Debt Service Reserve Fund will be utilized or whether a Surety Policy will be obtained and, as of the writing of this report, she is uncertain as to the precise amount of savings which

would result by using a Surety Policy instead of a Debt Service Reserve Fund. However, such savings, if realized, would be used for capital improvement projects.

7. This subject resolution also authorizes taking future actions in connection with the Water Revenue Bonds, such as obtaining a bond rating for the Water Revenue Bonds, obtaining bond insurance and obtaining a Surety Policy if such a policy is in the best interest of the City.

8. Page two, line three of the proposed resolution incorrectly states that the proposed bond issuance is, "not to exceed $140,000,000" when it should read, "not to exceed $164,000,000." Therefore, the Budget Analyst recommends amending page two, line three of the proposed resolution to replace "$140,000,000" with "$164,000,000" so that the phrase reads, "not to exceed $164,000,000..."

Recommendations:

1. In accordance with Comment No. 8, amend page two, line three of the proposed resolution by replacing "$140,000,000" with "$164,000,000" so that the phrase reads, "not to exceed $164,000,000..."

2. Approve the proposed resolution, as amended.

Attachment I

Debt Service Schedule for $164M Bonds[1]

FY	Principal	Interest	Payment	Paid Principal	Remaining Principal
2002	164,000,000.00	0.00			164,000,000.00
2003	164,000,000.00	9,020,000.00	11,284,083.91	2,264,083.91	161,735,916.09
2004	161,735,916.09	8,895,475.39	11,284,083.91	2,388,608.52	159,347,307.57
2005	159,347,307.57	8,764,101.92	11,284,083.91	2,519,981.99	156,827,325.58
2006	156,827,325.58	8,625,502.91	11,284,083.91	2,658,581.00	154,168,744.58
2007	154,168,744.58	8,479,280.95	11,284,083.91	2,804,802.96	151,363,941.62
2008	151,363,941.62	8,325,016.79	11,284,083.91	2,959,067.12	148,404,874.50
2009	148,404,874.50	8,162,268.10	11,284,083.91	3,121,815.81	145,283,058.70
2010	145,283,058.70	7,990,568.23	11,284,083.91	3,293,515.68	141,989,543.02
2011	141,989,543.02	7,809,424.87	11,284,083.91	3,474,659.04	138,514,883.97
2012	138,514,883.97	7,618,318.62	11,284,083.91	3,665,765.29	134,849,118.69
2013	134,849,118.69	7,416,701.53	11,284,083.91	3,867,382.38	130,981,736.31
2014	130,981,736.31	7,203,995.50	11,284,083.91	4,080,088.41	126,901,647.90
2015	126,901,647.90	6,979,590.63	11,284,083.91	4,304,493.27	122,597,154.62
2016	122,597,154.62	6,742,843.50	11,284,083.91	4,541,240.40	118,055,914.22
2017	118,055,914.22	6,493,075.28	11,284,083.91	4,791,008.63	113,264,905.59
2018	113,264,905.59	6,229,569.81	11,284,083.91	5,054,514.10	108,210,391.49
2019	108,210,391.49	5,951,571.53	11,284,083.91	5,332,512.38	102,877,879.12
2020	102,877,879.12	5,658,283.35	11,284,083.91	5,625,800.56	97,252,078.56
2021	97,252,078.56	5,348,864.32	11,284,083.91	5,935,219.59	91,316,858.98
2022	91,316,858.98	5,022,427.24	11,284,083.91	6,261,656.66	85,055,202.31
2023	85,055,202.31	4,678,036.13	11,284,083.91	6,606,047.78	78,449,154.53
2024	78,449,154.53	4,314,703.50	11,284,083.91	6,969,380.41	71,479,774.12
2025	71,479,774.12	3,931,387.58	11,284,083.91	7,352,696.33	64,127,077.79
2026	64,127,077.79	3,526,989.28	11,284,083.91	7,757,094.63	56,369,983.16
2027	56,369,983.16	3,100,349.07	11,284,083.91	8,183,734.83	48,186,248.33
2028	48,186,248.33	2,650,243.66	11,284,083.91	8,633,840.25	39,552,408.08
2029	39,552,408.08	2,175,382.44	11,284,083.91	9,108,701.46	30,443,706.62
2030	30,443,706.62	1,674,403.86	11,284,083.91	9,609,680.04	20,834,026.58
2031	20,834,026.58	1,145,871.46	11,284,083.91	10,138,212.45	10,695,814.13
2032	10,695,814.13	588,269.78	11,284,083.91	10,695,814.13	0.00
2033	**Total**	**174,522,517.22**	**338,522,517.22**	164,000,000.00	

Bond Amount	164,000,000.00
Interest	0.055
Term	30
Annual Payment	$11,284,083.91
Debt Service Reserve Fund	$5,642,041.95
Estimated Surety Policy Cost	$94,786.30

[1] This schedule outlines indicative numbers. Actual interest rate and term may be different at the time of issuance.

Source: Public Utilities Commission

Prop A and B Project List and Appropiations

FAMIS Project	Title	TOTAL
1997 A Water Revenue Bond Projects		
CUW125	Bay Division Pipeline - Seismic Upgrade at Hayward Fault	7,779,150
CUW126	Pulgas Valve Lot	426,700
CUW127	SCADA System	18,039,000
CUW131	SF Water Department - Intertie	8,368,300
CUW135	New Line & By Pass Valves	3,443,000
CUW165	Equipment Anchorage	3,039,500
CUW183	Palo Alto Redundant Connect	500,000
CUW191	Fire/Security Upgrades	2,572,000
CUW198	Stone Dam Rehabilitation	242,000
CUW202	Replace Prestressed Pipe (Crystal Springs Bypass)	10,732,500
CUW226	Bay Division Pipeline Recoating (at Newark)	500,000
CUW602	New Water Services/Meters	5,944,250
CUW603	Relocate/Realign Services	578,800
CUW624	Reservoir Roof Seismic Upgrade (University Mound rehabilitation)	16,000,000
CUW628	S.F. Reservoir/ Tank Rehabilitation	12,500,000
CUW651	Pump Station Upgrades	7,600,000
CUW653	Stand by Generators	2,750,000
CUW654	Seismic Upgrade North Basin (all Sunset Reservoir rehabilitation)	6,700,000
CUW657	Balboa/Francisco (Balboa Reservoir)	300,000
CUW663	Key Motorized Valves	2,100,000
CUW666	Clarendon Pump Station	4,000,000
CUW672	Sutro Reservoir	5,000,000
CUW860	Relocate/Realign Mains	580,500
CUW870	Water Main Replacement	28,000,000
CUW797	Commercial Paper - Admin/Interest Expense	5,117,700
	Bond Finacing Costs (including Reserve Fund)	4,155,150
	Total	156,968,550

FAMIS Project	Title	
1997 B Water Revenue Bond Projects		
CUW134	Sunol Valley Water Treatment Plant Fast Tracks	2,068,550
CUW143	Hetch Hetchy Water Treatment (chloramination)	38,383,000
CUW186	Sunol Valley Water Treatment Plant Improvement Project	59,481,000
CUW206	Tesla Portal/Thomas Shaft	5,253,600
CUW218	Harry Tracy Improvements	10,000,000
CUW222	Water Quality Compliance Improvements	1,209,000
CUW223	Distribution System Water Quality Improvement	850,000
CUW230	Millbrae Lab Improvements	400,000
CUW234	Harry Tracy Water Treatment Plant Short Term Improvement (filter to waste)	2,420,000
CUW236	Water Quality Monitoring (Tesla)	350,000
CUW632	Sutro Reservoir - Inlet/Outlet	17,167,000
CUW668	Other Reservoirs - Inlet/Outlet	5,000,000
CUW797	Commercial Paper - Admin/Interest Expense	625,000
	Bond Financing Costs (including Reserve fund)	3,792,850
	Total	147,000,000

Source: Public Utilities Commission

Attachment III

Prop. A and B Spending to Date

		Act FY 99-00	Act FY 00-01	Act FY 01-02[1]	Act FY 01-02[2]	Total	Estimated Construction Completed[3]
Proposition A Projects		14,912,211	42,687,530	3,500,264	10,078,503	71,178,508	
Proposition B Projects		4,799,735	15,183,554	3,916,706	19,159,747	43,059,742	
Total		$ 19,711,946	$ 57,871,084	$ 7,416,970	$ 29,238,250	$ 114,238,250	
Proposition A Projects							
CUW125	Bay Division Pipeline - Seismic Upgrade at Hayward Fault	205,107	472,144	79,067	1,133,135	1,889,453	Jun-02
CUW126	Pulgas Valve Lot						Jan-02
CUW127	SCADA System	4,160,167	6,665,414	75,259	1,405,780	12,306,620	Apr-02
CUW131	SF Water Department - Intertie	696,939	6,773,787	332,225	817,947	8,620,898	Jan-02
CUW135	New Line & By Pass Valves	327,869	536,233	173,023	142,379	1,179,504	To Be Determined
CUW165	Equipment Anchorage	281,912	1,070,658	304,617	126,058	1,783,245	Dec-02
CUW183	Palo Alto Redundant Connect				6,923	6,923	Jan-03
CUW191	Fire/Security Upgrades	71,186	1,006,173	1,305	12,413	1,091,077	Mar-02
CUW198	Stone Dam Rehabilitation						To Be Determined
CUW202	Replace Prestressed Pipe (Crystal Springs Bypass)	452,091	425,840	26,947	154,611	1,059,489	Nov-05
CUW226	Bay Division Pipeline Recoating (at Newark)	45,853	35,806			81,659	To Be Determined
CUW602	New Water Services/Meters	2,133,455	2,469,677	327,358	809,329	5,739,819	Ongoing
CUW603	Relocate/Realign Services	33,607	99,425	826	2,016	135,874	Ongoing
CUW624	Reservoir Roof Seismic Upgrade (University Mound rehabilitation)	157,558	4,769,180	585,691	2,170,615	7,683,044	To Be Determined
CUW628	S F. Reservoir/ Tank Rehabilitation	59,523	1,952,282	21,923	118,915	2,152,643	Feb-04
CUW651	Pump Station Upgrades	236,597	444,049	43,500	55,241	779,387	Nov-04
CUW653	Stand by Generators		929,919			929,919	Nov-04
CUW654	Seismic Upgrade North Basin (all Sunset Reservoir rehabilitation)		394,376	30,498	162,699	587,573	To Be Determined
CUW657	Balboa/Francisco (Balboa Reservoir)	35,267	89,822			125,089	To Be Determined
CUW663	Key Motorized Valves	243,368	380,565	125,249	264,872	1,014,054	Apr-03
CUW666	Clarendon Pump Station	252,263	3,347,952	-30,347	280,669	3,850,537	Jan-02
CUW672	Sutro Reservoir	488,412	1,826,451	490,578	589,226	3,394,667	Feb-04
CUW797	Commercial Paper - Admin/Interest Expense Bond Financing Costs (including Reserve Fund)	961,550	1,875,888	115,500	189,818	3,142,756	
CUW860	Relocate/Realign Mains	17,466	144,055	7,324	4,615	173,460	Ongoing
CUW870	Water Main Replacement	4,052,021	6,977,834	789,721	1,631,242	13,450,818	Ongoing
		$ 14,912,211	$ 42,687,530	$ 3,500,264	$ 10,078,503	$ 71,178,508	
	Proposition B Projects						
CUW134	Sunol Valley Water Treatment Plant Fast Tracks		1,462,482	203,353	1,263,361	2,929,196	May-02
CUW143	Hetch Hetchy Water Treatment (chloramination)	314,159	2,869,090	907,344	1,673,625	5,764,218	Apr-04
CUW186	Sunol Valley Water Treatment Plant Improvement Project	3,566,089	5,974,853	2,663,940	13,417,544	25,622,426	Dec-02
CUW206	Tesla Portal/Thomas Shaft		657,575	18,144	117,282	793,001	Apr-03
CUW218	Harry Tracy Improvements		192,492	34,943	2,588,747	2,816,182	Jun-02
CUW222	Water Quality Compliance Improv	64,960	471,075	18,635	53,707	608,377	Dec-03
CUW223	Distribution System Water Quality Improvement						Aug-03
CUW230	Millbrae Lab Improvements						Dec-02
CUW234	Harry Tracy Water Treatment Plant Short Term Improvement (filter to waste)		500	838	2,674	4,012	Oct-02
CUW236	Water Quality Monitoring (Tesla)						Aug-03
CUW632	Sutro Reservoir - Inlet/Outlet	460,957	1,918,833	45,260	18,844	2,443,894	Feb-04
CUW668	Other Reservoirs - Inlet/Outlet	393,570	1,636,654	24,248	23,964	2,078,436	To Be Determined
		$ 4,799,735	$ 15,183,554	$ 3,916,708	$ 19,159,747	$ 43,059,742	

[1] Funding for Propositions A&B for FY00, FY01, and part of FY02 came from Commercial Paper Notes.

[2] Funding for Propostions A&B for FY02 comes from bond proceeds.
Actual spending through Dec. 31, 2001.

[3] Information from Utilities Engineering Bureau

Source: Public Utilities Commission

Item 2 – File 02-0003

Department: Department of Public Works (DPW)

Item: Resolution authorizing the Director of Public Works to apply for, accept and expend a grant in the amount of $500,000 from the California Integrated Waste Management Board for clean-up of illegal dumping sites in San Francisco

Amount: $500,000

Grant Period: July 1, 2001 through June 30, 2004 (Three Years, See Comment No. 1)

Source of Funds: California Integrated Waste Management Board

Required Match: None required (See Comment No. 3)

Indirect Costs: The California Integrated Waste Management Board prohibits the inclusion of indirect costs.

Description: The proposed resolution would authorize the Department of Public Works (DPW) to apply for, accept and expend $500,000 of grant funds from the California Integrated Waste Management Board. DPW would use the subject grant funds and $329,058 of City in-kind contributions, for a total of $829,058, to eliminate 25 illegal dumpsites in San Francisco on public easements or public property where indiscriminate dumping has occurred.

The proposed project would consist of clean-up, mitigation, monitoring, and enforcement at 25 illegal dumpsites. The subject grant funds would be used to offset $500,000 of the cost of the $829,058 project. Under the proposed project, Mr. Douglas Legg of DPW advises that DPW would provide a total of 8.35 FTE personnel for bi-weekly litter removal from the dumpsites, weekly inspection of the dumpsites and to monitor the sites for illegal dumping. DPW personnel would also install signs at each of the 25 dumpsites which would state the maximum penalty for illegal dumping.

Budget: A summary budget for the $829,058 project budget, which includes $500,000 in grant funds and $329,058 of in-kind contributions is as follows:

Personnel			
2.10 FTE 8280 Environmental Control Officer	$103,088		
3.75 FTE 7514 Laborer	170,430		
1.25 FTE 7215 Labor Supervisor	62,920		
1.25 FTE 7355 Truck Driver	73,547		
Subtotal Salaries	$409,985		
Fringe Benefits (26% of Salaries)	106,596		
Paid Time Off for Sick Leave, Vacation and Holidays (22% of Salaries)	90,197		
Department Overhead (54% of Salaries)*	219,780		
Personnel Subtotal		$826,558	
Installation of 250 Signs at $100 per sign (See Comment No. 2)		2,500	
		Total Project Budget	$829,058

* Overhead costs include support costs of DPW Bureaus of Equipment, General Administration, Contract Administration, Payroll, Health and Safety and Project Management

Attachment I, provided by Mr. Legg, provides additional budgetary details and the locations of the 25 illegal dumpsites for the $829,058 budget.

Comments: 1. Although the subject grant period began on July 1, 2001, according to Mr. Legg, the Department has not yet submitted an application for the subject grant. Mr. Legg advises that the California Waste Management Board requires that grant applications include a resolution approving the application for the subject grant before grant funds are awarded. Mr. Legg reports that, on the condition that San Francisco submit an approved resolution, the California Waste Management Board has awarded a $500,000 grant award to San Francisco.

Mr. Legg advises that, to date, no funds have been expended on the proposed project. Mr. Legg further advises that the Department anticipates the project to be completed in early 2003, or approximately one year after the proposed resolution is approved.

2. As shown on Attachment I, the Department would undertake mitigation strategies that would cost a total of $117,127, including $114,627 in salaries and fringe benefits and $2,500 in materials and supplies. Mr. Legg advises that 1.04 FTE Environmental Control Officer would monitor the dumpsites for persons that litter, for a cost of $114,627 in salaries and fringe benefits. Mr. Legg further advises that the remaining $2,500 budgeted for mitigation strategies would fund the installation of signs, at a cost of $100 per sign, at each of the 25 dumpsites. According to Mr. Legg, each sign would state the maximum penalty for illegal dumping. Mr. Legg advises that the $2,500 for signs is budgeted in the Materials and Supplies portion of the Department's approved FY 2001-2002 budget.

3. Although the grantor does not require matching funds, Mr. Legg advises that the Department would provide in-kind contributions of $329,058 to fully fund the proposed project. Mr. Legg further advises that the 8.35 FTE personnel in the project budget are continuing personnel that are currently budgeted in the Department's approved FY 2001-2002 budget and will be included in the Department's FY 2002-2003 budget request. Mr. Legg notes that as part of the Mayor's Office plan to address the General Fund revenue losses in the current fiscal year, DPW made $1.8 million in cuts through General Fund salary savings and also transferred some expenditures to non-General Fund revenues. According to Mr. Legg, the subject $500,000 in grant revenues would be used to pay for salaries and fringe benefits that were originally budgeted as General Fund expenditures in FY 2001-2002.

4. Attachment II is the Grant Information Form, provided by Mr. Legg, which includes the Disability Access Checklist.

Recommendation: Approve the proposed resolution.

Exhibit A

Attachment I
Page 1 of 1

City and County of San Francisco - Envirionmental Control and Eliminating Chronic, Illegal Dumping Project

Site #	Site Location	Estimated Garbage On site (1)	Type of Materials (2)(2a)	Collection Frequency (3)	Direct Labor Cost Cleanup (4)	Mitigation Strategies (5)	Mitigation Cost (6)	Inspector Hours (7)	Inspector Labor Cost (8)	Total
1	Chrisopher, Crestmont, Warren	0.5	O	2	$24,752	S, ST	$4,685	78	$3,725	$33,162
2	McKinnon, X Selby/Putnam	5.5	A, B, C&D, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
3	Alemany, X Folsom/Putnam	5	A, B, C&D, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
4	Van Dyke, X Ingalls/dead end	4.5	A, B, C&D, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
5	Sunnydale/Bayshore	5	A, B, C&D, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
6	Underwood/Ingalls	9	A, B, C&D, H, HH	2	24,752	S, ST	$4,685	78	3,725	$33,162
7	Thomas/Hawes	5	A, B, C&D, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
8	Revere/Hawes	5.5	A, B, C&D, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
9	Quint, XMcKinnon/Newcomb	8	A, B, C&D, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
10	Davidson/Rankin	2	A, B, C&D, H, HH	2	24,752	S, ST	$4,685	78	3,725	$33,162
11	Thomas/Griffith	5	A, B, C&D, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
12	Revere/Griffith	4.5	A, B, C&D, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
13	Fitch, X Gilman/ Carroll	4	A, B, C&D, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
14	Carroll, X Fitch/Hawes	4	A, B, C&D, H, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
15	McKinnon, X Rankin/Toland	4.5	A, B, C&D, H, HH	2	24,752	S, ST	$4,685	78	3,725	$33,162
16	Selby, X Evans/Jerrold	4.5	A, B, C&D, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
17	Army Street Circle	4	B, H, HH	2	24,752	S, ST	$4,685	78	3,725	$33,162
18	Upton, X Jerrold/McKinnon	3.5	A, B, C&D, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
19	Selby, X Evans/Galvez	4	A, B, C&D, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
20	Division X Bryant/Vermont	4	A, B, C&D, H, HH	2	24,752	S, ST	$4,685	78	3,725	$33,162
21	Egbert/Newhall	2	A, B, C&D, H, O	2	24,752	S, ST	$4,685	78	3,725	$33,162
22	1730 Armstrong	4	A, B, C&D, H	2	24,752	S, ST	$4,685	78	3,725	$33,162
23	17th/Pennsylvania	2	A, B, C&D, H, HH	2	24,752	S, ST	$4,685	78	3,725	$33,162
24	Lawerence/DeWolf	2	B, C&D,H, O	2	24,752	S, ST	$4,685	78	3,725	$33,162
25	LaGrande/Brazil	4	A, B, C&D,H, O	2	24,752	S, ST	$4,685	78	3,725	$33,162
TOTAL					$618,797		$117,127		$93,134	$829,058

Assumptions:

(1) In tons average per collection
(2) Type of Material: A=auto related; C&D = construction; B=bulky materials (mattresses, appliances); H=household items; HH=hazardous materials; O=organic
(2a) Note: Materials identified are a snapshot in time
(3) Number of collections per week
(4) Labor cost for cleanup/hr. (3 Laborers, 1 supervisor, 1 heavy truck driver) $ 238.00 per hour per crew (Includes $63.32 Indirect cost/hr.)
(5) Mitigation Strategies:s=signs; st=stakeout
(6) Mitigation measures cost: S=$100; ST= $ 4,585 (Includes $1,220 per stakeout indirect costs)
(7) Inspector hours: 1hour each day x 260 days
(8) Inspector labor cost per hour: $ 47.76 (Includes $12.71 indirect cost/hr)

File Number: ______________________
(Provided by Clerk of Board of Supervisors)

Grant Information Form
(Effective January 2000)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: Illegal Dumping Abatement grant

2. Department: Public Works

3. Contact Person: Douglas Legg Telephone: 554-4806

4. Grant Approval Status (check one):

[ ] Approved by funding agency X Not yet approved

5. Amount of Grant Funding Approved or Applied for: $ 500,000

6a. Matching Funds Required: $ 0
b. Source(s) of matching funds (if applicable):

7a. Grant Source Agency: California Integrated Waste Management Board7
b. Grant Pass-Through Agency (if applicable):

8. Proposed Grant Project Summary:

Illegal Dumping Abatement

The City will target 25 of the 38 chronic illegal dumpsites the Department has identified for clean up, mitigation, public education and outreach, enforcement, and monitoring, to eliminate the sites as illegal dumping locations. The grant will supplement General Fund and Gas Tax appropriations for the Bureau of Street Environmental Services

9. Grant Project Schedule, as allowed in approval documents, or as proposed:

Start-Date: July 1, 2001 End-Date: June 30, 2004

10. Number of new positions created and funded: -0-

11. If new positions are created, explain the disposition of employees once the grant ends?

12a. Amount budgeted for contractual services: $0

b. Will contractual services be put out to bid?

c. If so, will contract services help to further the goals of the department's MBE/WBE requirements?

d. Is this likely to be a one-time or ongoing request for contracting out? One-time

13a. Does the budget include indirect costs? [ ] Yes [X] No

b1. If yes, how much? $
b2. How was the amount calculated?

c. If no, why are indirect costs not included?
[X] Not allowed by granting agency [ ] To maximize use of grant funds on direct services
[ ] Other (please explain):

14. Any other significant grant requirements or comments:

Disability Access Checklist*

15. This Grant is intended for activities at (check all that apply):

[X] Existing Site(s) [ ] Existing Structure(s) [ ] Existing Program(s) or Service(s)
[ ] Rehabilitated Site(s) [ ] Rehabilitated Structure(s) [ ] New Program(s) or Service(s)
[ ] New Site(s) [ ] New Structure(s)

16. The Departmental ADA Coordinator and/or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

Departmental or Mayor's Office of Disability Reviewer: ______________________ RICHARD SKAFF
Susan Ferreyra

Date Reviewed: ______________

Department Approval: ______________________ EDWIN M. LEE
Edwin M. Lee Director of Public Works
Date

Item 3 – 02-0096

Department: Health Services System (HSS)
Department of Human Resources (DHR)

Item: Resolution establishing the monthly contribution amount to be made to the Health Service Trust Fund by the City and County of San Francisco, the San Francisco Unified School District, and the San Francisco Community College District for Fiscal Year 2002-2003.

Description: The proposed resolution would establish the dollar amount of the employer's contribution to be made to the Health Service Trust Fund by the City and County of San Francisco (City), the San Francisco Unified School District (SFUSD), and the San Francisco Community College District (SFCCD) for FY 2002-2003.

The Health Services Board and the City and County Health Services System, as required by Charter Sections A8.423 and A8.428, have surveyed the ten most populous counties in the State, excluding San Francisco, to determine the average dollar contribution made by these counties toward each employee's medical care insurance, excluding dental and optical care insurance. According to Mr. Bob Hencier of HSS, the survey was completed in mid December 2001.

In accordance with the Charter, this resolution would establish the FY 2002-2003 monthly contribution rate for health care insurance to be paid by the City, the SFUSD, and the SFCCD, at $246.69 per month ($2,960.28 annually) for each eligible, active employee, based on the survey results of the average payment made by the ten most populous counties in California (excluding San Francisco) as shown in the following table of most to least populous county:

County	Average Contributed Monthly Amount
Los Angeles	$250.97
Orange	390.87
San Diego	179.96
San Bernadino	223.35
Santa Clara	236.73
Riverside	223.72
Alameda	218.30
Sacramento	259.84
Contra Costa	209.84
Fresno	273.35
Total	**$2,466.93**
Average	**$246.69**

According to HSS, the ten-county survey for FY 2002-2003 indicates that the average employer contribution of the ten most populous counties in California (excluding San Francisco) is $246.69 per month ($2,960.28 annually) per employee, excluding dental and optical care insurance. The City's current FY 2001-2002 contribution is $213.93 monthly ($2,567.16 annually) per employee. The proposed resolution would establish $246.69 as the monthly per employee contribution to be made in FY 2002-2003 by the City, SFUSD, and SFCCD for the health insurance costs of their employees. The proposed monthly rate of $246.69 ($2,960.28 annually) for FY 2002-2003 represents an increase of $32.76 per month or approximately 15.3 percent from the $213.93 monthly rate currently contributed in FY 2001-2002.

Comments:

1. The proposed 15.3 percent increase exceeds the 11.3 percent increase from FY 2000-2001 to FY 2001-2002 and is the most significant proposed increase in the monthly contribution since FY 1990-1991 when it was 16.3 percent. During the last decade, the annual survey of the other counties has resulted in average monthly contributions that increased minimally in most years and even decreased in FY 1995-1996 and FY 1996-1997. FY 2001-2002 resulted in an 11.3 percent rise in average contributions followed by the current proposed increase of 15.3 percent for FY 2002-2003. According to Mr. Hencier, the significant proposed increase for FY 2002-2003 reflects the rising cost of health care coverage. Mr.

Hencier also notes that the rising cost is consistent with the marketplace for health care coverage as reported to HSS by Kaiser and Healthnet.

2. According to Mr. Hencier, the total current membership in HSS is approximately 39,726, which consists of 1) 29,160 active City and County employees, 2) 8,503 active SFUSD employees, and 3) 2,063 active SFCCD employees. Mr. Hencier reports that based on the current 29,160 active City and County employees, the estimated City and County contribution cost for FY 2002-2003 would be $86,321,765 (29,160 x $246.69/month x 12 months), of which an estimated $60,789,349, or 70.4 percent would represent General Fund monies.

3. As previously noted, the City's contribution for health care coverage in FY 2002-2003 is equal to the average contribution of the ten most populous counties in California, excluding San Francisco, as determined by an HSS survey taken in mid December 2001. Given that the surveyed counties may subsequently increase or decrease their actual contributions for FY 2002-2003, San Francisco's contribution may, in fact, be greater or less than the actual average contributions to be provided by the ten counties in FY 2002-2003. However, because HSS is required by the Charter to collect the comparative data in January of each year, HSS is not able to set its FY 2002-2003 rates based on the final FY 2002-2003 rates of the other ten surveyed counties.

Recommendation: Approve the proposed resolution.

Item 4 - File 02-0100

Department: Office of the Treasurer and Tax Collector

Item: Resolution authorizing the Tax Collector to sell at public auction 91 parcels of tax-defaulted real property.

Description: According to State law, if a property owner does not pay Property Taxes in any one year, the owner is then considered to be in default. The property owner then has five years to repay the defaulted tax amount or to apply for an installment payment plan. If the delinquent amount is not repaid in full within five years from the date that the Property Taxes became delinquent, or if the property owner has not initiated an installment payment plan or has defaulted on an installment payment, then the State grants authority to the Tax Collector to sell the property.

In order to conduct such a public auction, the Tax Collector must receive authorization from the Board of Supervisors and the State Controller's Office. The proposed resolution would authorize the Tax Collector to sell certain tax-defaulted properties.

Comments: 1. Mr. Francis Nguyen of the Tax Collector's Office advises that 91 properties would be offered at the proposed auction. A copy of the list of properties to be auctioned, together with their minimum bid amounts, is on file with the Clerk of the Board. According to Mr. Nguyen, the last public auction of tax-defaulted property occurred in March of 2000.

2. According to Mr. Nguyen, the properties to be sold at the proposed auction consist of 88 residential properties, two commercial properties and one industrial property, for a total of 91 properties.

3. As shown in the Attachment, provided by Mr. Nguyen, the total estimated minimum proceeds from the sale of the 91 properties would be $710,602.82. Mr. Nguyen reports that of the $710,602.82 to be paid by the high bidders, $710,466.32 would be credited to the City's

General Fund upon sale of the tax-defaulted properties, and $136.50 would be paid to the State. Any additional proceeds realized from the sale of such properties would revert to the property owners or to other parties of interest such as lien-holders.

4. According to Mr. Nguyen, after the Board of Supervisors has approved this proposed resolution, the State Controller's Office would be requested by the Tax Collector's Office to also authorize the proposed public auction in order to comply with State law. Subsequent to receiving approval from the State, the list of properties to be sold at the public auction would be made available to interested parties (persons who have contacted the Tax Collector's Office to inquire about public auctions). Additionally, the public auction would be advertised once a week for three consecutive weeks in the *San Francisco Independent*. The newspaper advertisement would contain the time and date of the public auction and instructions as to how to obtain the list of the properties to be auctioned. Mr. Nguyen anticipates that the public auction would take place April 26, 2002.

5. Mr. Nguyen advises that the Tax Collector is required to notify property owners who are in default, by certified mail, that such property owners are required to pay their delinquent Property Taxes in full in order to prevent their property from being sold at a public auction. This notification, pertaining to the subject 91 properties to be sold at public auction, was sent to each of the property owners in September of 2001, according to Mr. Nguyen. Mr. Nguyen advises that default notices and notices included in the Property Tax bill were also previously sent annually to each of the 91 property owners for the past five years. Upon receiving authorization from the Board of Supervisors and the State Controller's Office, the Tax Collector will also notify by personal contact, each of the property owners and/or occupants of each property slated for public auction that the property is in default and full payment of delinquent Property Taxes is required in order to prevent their property from being sold at public auction. According to Mr. Nguyen, property owners have the option to repay all of the delinquent

taxes in full up until the close of business on the day prior to the proposed public auction.

Recommendation: Approve the proposed resolution.

Office Of The Treasurer/Tax Collector

City and County of San Francisco
Mailing Address: P.O. Box 7426 ❖ San Francisco, CA 94120-7426
Street Address: 1 Dr. Carlton B. Goodlett, City Hall, Room 140 ❖ San Francisco, CA 94102

SUSAN LEAL, Treasurer
Phone: (415) 554-4478

GEORGE PUTRIS, Tax Administrator
Phone: (415) 554-4874

January 24, 2002

MEMORANDUM

TO: Harvey Rose
Budget Analyst
FROM: Francis T. Nguyen
Manager, Property Tax/License
SUBJECT: Public Auction Sale of Tax-Defaulted Properties

Per your request, here is a breakdown of the total anticipated revenue collection from the public auction sale of tax-defaulted properties to be held on Friday, April 26, 2002. This total revenue collection (total amount of minimum bids) will be deposited to the county general fund except for the $136.50 to be distributed to the State of California.

Advertising Cost	Sales Fees State	Sales Fees County	Notice Cost	Redemption Amount	Current Taxes	MINIMUM BID
$4,140.50	$136.50	$13,650.00	$3,185.00	$629,465.07	$60,025.75	$710,602.82

<u>Advertising Cost:</u> Publication cost. Advertising the sale of tax-defaulted properties in the newspaper ($45.50 for each parcel).

<u>Sales Fees:</u>
1. State: For each property sold at public auction, $1.50 goes to the State.
2. County: The cost of conducting the sale ($150.00 for each parcel).

<u>Notice Cost:</u> Cost of giving notices ($35.00 for each parcel).

<u>Redemption Amount:</u> Total amount of all unpaid defaulted taxes, delinquent penalties and redemption penalties plus the redemption fee ($15.00) and other additional fees and costs such as the cost of obtaining the names and addresses of parties of interest and for mailing notices to these entities for each parcel ($144.50), fee for recording notice of power to sale ($35.00), fee for releasing notice of power to sale ($11.00) and the cost of personal contact ($100) for any property with a valid homeowner's exemption.

<u>Current Taxes:</u> Taxes owed on the current Fiscal Year 2001-2002.

<u>Minimum Bid:</u> Minimum selling price for each parcel.

Item 5 - File 02-0046

Note: This item was continued by the Finance Committee at its meeting of January 23, 2002.

Department: Real Estate Division

Item: Resolution authorizing and approving a lease for cellular transmitter space at Fire Station 30 (inactive) at 1300 4th Street to Bay Area Cellular Telephone Company dba AT&T Wireless.

Location: Fire Station 30 is located at 1300 4th Street, on the southwest corner of 3rd Street (Assessor's Block 3837, Lot 4).

Purpose of Lease: To allow Bay Area Cellular Telephone Company dba AT&T Wireless to locate cellular telephone transmitters on City-owned facilities.

Lessor: City and County of San Francisco

Lessee: Bay Area Cellular Telephone Company

No. of Sq. Ft. and Monthly and Annual Rent Payable by Lessee to the City: Approximately 12 square feet at $1,200 per month ($14,400 annually)

Term of Five Lease: Five years expected to commence as of March 15, 2002 and to expire on March 14, 2007, five years after the commencement date.

Right of Renewal: Under the terms of the proposed lease, the lessee would have the option of one additional term of five years.

Rent Adjustment: At the anniversary date of each lease, anticipated to begin on March 15, 2003, and for the remaining four years of each of the proposed leases, the base rent will be adjusted annually by the annual percentage increase in the Consumer Price Index (CPI). The monthly base rent on or after the adjustment date cannot be less than the monthly base rent in effect immediately prior to the adjustment date.

Additionally, prior to the exercise of the five-year options, the base rent would be adjusted to equal the fair market rent of the subject property. This adjustment would be determined by the Real Estate Division (RED), using a market survey approach for comparable space leased for cellular telephone transmitters.

Utilities and Janitorial Provided by Lessee: Lessee pays for the cost of all utilities and janitorial services for each of the proposed five leases.

Tenant Improvements: Upon commencement of the subject leases, Bay Area Cellular Telephone Company will install, solely at its cost, the necessary cellular transmitter equipment at the City-owned facility.

Description: The proposed resolution would authorize a five-year lease between the City and Bay Area Cellular Telephone Company for ground space adjacent to Fire Station 30, located on 1300 4th Street.

Under the subject lease, and Bay Area Cellular Telephone Company proposes to construct and maintain 1) one equipment cabinet on the Station's site, 2) one battery pack on the Station's site, and 3) up to two antennae attached to the side of the fire house. According to Mr. Larry Jacobson of RED, the equipment cabinet will relay telephone signals to and from cellular phone users, while the battery pack will supply emergency power. The approximate service area would be a short portion of 3rd Street, south of Mission Creek.

Comments: 1. According to Mr. Jacobson, the proposed rental rate represents RED's current rates for cellular communication site leases and is considered to represent fair market value. Attachment I, provided by Mr. Jacobson, explains the basis of the rent to be charged for the proposed lease. According to Mr. Jacobson, the rental value of cellular transmission space is based upon the service provided to cellular phone users and the amount of potential phone traffic at specific locations, and is not based upon the number of square feet at the transmitter site.

2. Mr. Jacobson advises that RED is not required to conduct a competitive bidding process for awarding leases for cellular transmitter space because it would be impractical. Mr. Jacobson notes that the selection of lessees are in accordance with Chapter 23, Section 23.30 of the Administrative Code, which states, "The Director of Property shall arrange for such Lease to the highest responsible bidder in accordance with Competitive Bidding Procedures, unless...such Competitive Bidding Procedures are impractical or impossible...", Mr. Jacobson states that Bay Area Cellular Telephone Company requested the subject site as part of its cellular coverage plan, for cellular transmitter space as is the standard procedure. Attachment II, provided by Mr. Jacobson, is a memo describing the impractical nature to request bids for cellular transmitter space.

3. Mr. Jacobson reports that according to the Notice of Special Restrictions under Article 7, Section 174 of the City Planning Code, the proposed lease site has been reviewed by Hammett & Edison Inc., a certified professional engineer retained by Bay Area Cellular. Mr. Jacobson reports that Hammett & Edison has reviewed the Bay Area Cellular Telephone Company radio frequency emissions, and has determined that the proposed site is in compliance with radio wave requirements set by the Federal Communications Commission and the America National Standards Institute (ANSI), a nonprofit organization that administers and coordinates multi-industry standards.

4. The proposed resolution authorizes the Director of Property to "...enter into any amendments or modifications to the Lease...that the Director of Property determines, in consultation with the City Attorney, are in the best interest to the City, do not increase the rent or otherwise materially increase the obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of the Lease or this resolution, and are in compliance with all applicable laws, including City's Charter."

5. At the meeting of January 23, 2002, the Finance Committee requested further detail on future plans for the Fire Station 30 facility. Attachment III is a memorandum from Mr. Jacobson responding to the inquiry of the Finance Committee. The memorandum notes that the lease

"includes a special provision that will terminate the lease anytime the City receives a demolition permit for the subject building." As of the writing of this report, the Real Estate Division had not provided the Budget Analyst with a copy of that lease provision.

Recommendation: Approve the proposed resolution.

Harvey M. Rose

Supervisor Peskin
Supervisor Daly
Supervisor Maxwell
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

City and County of San Francisco

Real Estate Division
Department of Administrative Services

Attachment 1

MEMORANDUM

DATE: January 23, 2002

TO: Leanne Nhan
Budget Analyst's Office

FROM: Larry Jacobson
Real Estate Division

SUBJECT: Cell Phone Transmitter Rental Rate at Fire Station 30

This memorandum is to inform you of the fee currently applied to the Station 30 cell phone transmitter site. This site is large enough for a second and in some cases, a third cell phone company to co-locate and place transmitters and antennae in operation. Co-location cannot occur without Planning and Board of Supervisor approval.

- AT&T will pay $1,200.00 per month rent. This site provides micro coverage for a fraction of a square mile; specifically a three or four blocks coverage area along Third Street in the Mission Bay redevelopment area.

If you have any questions please call me at 554-9863.

I/LJ/CellPh Transmtr Rentl2 _BudgtAnalys

City and County of San Francisco — Real Estate Division
Administrative Services Department

Attachment 2

MEMORANDUM

DATE: January 15, 2002

TO: Leanne Nhan
Budget Analyst's Office

FROM: Larry Jacobson
Senior Real Property Officer

SUBJECT: Siting Cellular Phone Transmitters;
Reason it is impractical to request bids

Each cellular phone company establishes its own set of cells; each cell covers a finite geographic area. The area of the cell, generally round, is affected by both topography and the amount of telephone traffic within any geographic area.

Cellular phone companies have different cell configurations. The cellular phone company, based upon its cell configuration, determines where to place the transmitter and antennae and approaches the property owner.

The City and County of San Francisco can often accommodate cell phone companies on City property - but not always. There may be problems such as finding space for the transmitter equipment, 24-hour access, proximity to neighboring apartment houses, etc. Since cellular phone companies have differing needs for siting cell phone transmitters, it is impractical to request bids for a specific site since generally only one company has an interest in a selected site.

Finally, FCC requirements provide for co-location of cell phone equipment. The companies doing business in San Francisco have approached the City on a number of occasions seeking co-location. The Metro PCS application on Fire Station 15 at 1000 Ocean Avenue is a co-location site.

L:\CellPh Transmtr Siting BdgtAnal 2002

(415) 554-9850
FAX: (415) 552-9216
4102
Office of the Director of Property
25 Van Ness Avenue, Suite 400
San Francisco, CA

City and County of San Francisco

Real Estate Division
Department of Administrative Services

Attachment 3

MEMORANDUM

January 24, 2002

TO: Leanne Nhan
Budget Analyst's Office

FROM: Larry Jacobson LJ/Winnie
Real Estate Division

SUBJECT: Future of Fire Station 30

A specific plan for Fire Station 30 at 1300 4th Street has not been established. The Mission Bay plan includes a plan for police/fire facility to be constructed at the site. The construction is predicated upon a land transfer, funding for construction and the completion of 1000 residential units in the southern portion of the Mission Bay area. The current projected time when this proposed facility will become operational is 2012 or later.

The subject lease with BACTC dba AT&T Wireless includes a special provision that will terminate the lease anytime the City receives a demolition permit for the subject building.

LJ/firestm30_future of

City and County of San Francisco
Meeting Minutes
Finance Committee

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Aaron Peskin and Chris Daly

Clerk: Gail Johnson

Wednesday, February 06, 2002 | **12:30 PM** | **City Hall, Room 263**

Regular Meeting

Members Present: Aaron Peskin, Chris Daly, Sophie Maxwell.

MEETING CONVENED

The meeting convened at 12:37 p.m.

011981 **[Urban Forest]**

Supervisor Ammiano

Hearing on the financial resources needed to make certain that our urban forest continues to grow, is maintained, and can continue to provide benefits for all San Franciscans.

10/29/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Supervisor Ammiano; Milton Marks, Executive Director, Friends of the Urban Forest; Paul Sacamano, Urbran Forester, Department of Public Works; Dr. Greg McPherson, Director of the Western Center for Urban Forest Research, USDA, Forest Service in Davis; Jarred Blumenfeld, Director, Department of the Environment; Catherine Sneed, Executive Director, the Garden Project; Terry Milne, member, Bernal Heights Tree Committee; Carolyn Blair, Executive Director, San Francisco Tree Council.

FILED by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

012159 **[San Francisco Water Alliance]**

Supervisor Leno

Hearing to consider the progress of the San Francisco Public Utilities Commission's contract revisions with the San Francisco Water Alliance.

12/3/01, RECEIVED AND ASSIGNED to Finance Committee. Supervisor Leno requests that this item be referred to the Finance Committee.

12/19/01, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Patricia Martel, General Manager, Public Utilities Commission; Leslie Abbott, International Federation of Professional and Technical Engineers, Local 21.

Speakers: None,
Continued to 2/13/02.

CONTINUED by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

011774 [Reserved Funds, S.F. Environment]

Hearing to consider release of reserved funds, S.F. Environment (State grant funds, File No. 011431: Resolution No. 647-01), in the amount of $6.75 million to fund the Power Booster small business energy efficiency retrofit program. (Environment)

10/3/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the October 17, 2001 meeting.

10/17/01, CONTINUED. Speakers: None. Continued to October 31, 2001.

10/31/01, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speaker: Harvey Rose, Budget Analyst.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst: Jarred Blumenfeld, Director, Department of the Environment.
Release of reserved funds in the amount of $4,461,317 approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

012236 [Appropriation - District Attorney]

Mayor

Ordinance appropriating, retroactively, $260,144 from the General Fund Reserve to provide funding for the court ordered change of venue for the case of People of State of California v. Knoller, et al. for the District Attorney for fiscal year 2001-02. (Mayor)

(Fiscal impact.)

12/17/01, RECEIVED AND ASSIGNED to Finance Committee.

1/23/02, AMENDED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Teresa Serata, District Attorney's Office. Amended on page 1, line 3, by replacing "$275,237" with "retroactively, $228,587;" on line 7, after "appropriated," by adding "retroactively;" and on line 16, by replacing "$275,237" with "$228,587." Amended on page 2, line 15, by replacing "$61,600" with "$31,700;" and on line 19, by replacing "$20,000" with "$3,250." Further amended on page 3, line 18, by replacing "$275,237" with "$228,587." New title.

1/23/02, RECOMMENDED AS AMENDED.

1/28/02, AMENDED. Supervisor Peskin moved, seconded by Supervisor Maxwell to amend.

1/28/2002 - Amended on page 1, line 3, by replacing "$228,587" with $260,144" and on page 1, line 24, by replacing "$16,740" with "$53,743". Amended on page 2, line 9, by replacing "$1,298" with "$7,851" and on page 2, line 13, by replacing "$12,000" with "0". Amended on page 3, line 18, by replacing "$228,587" with "$260,144".

1/28/02, RE-REFERRED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst: Teresa Serata, District Attorney;s Office. Amended on page 1, lines 3 and 16, by replacing "$260,144" with "$259,257;" on line 24, by replacing "$53,743" with "$53,034." Amended on page 2, line 9, by replacing "$7,851" with "$7,673." Further amended on page 3, line 18, by replacing "$260,144" with "$259,257." New title.

AMENDED.

Ordinance appropriating, retroactively, $259,257 from the General Fund Reserve to provide funding for the court ordered change of venue for the case of People of State of California v. Knoller, et al. for the District Attorney for fiscal year 2001-02. (Mayor)

(Fiscal impact.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

020098 **[Reserved Funds, Public Health Department]**

Hearing to consider release of reserved Funds, Department of Public Health (Fiscal Year 2001-2002 Budget), in the amount of $100,000 to fund the Shanti Lifelines breast cancer pilot project. (Public Health Department)

1/16/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Monique Zmuda, Chief Financial Officer, Department of Public Health.
Release of reserved funds in the amount of $100,000 approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

020125 **[Reserved Funds, Treasure Island Project]**

Hearing to consider release of reserved funds, Treasure Island Project (fiscal year 2001-2002 budget), in the amount of $338,575 for salaries and fringe benefits consistent with other City Departments/Special Assistants included in the Citywide Management Classification/Compensation Plan (MCCP). (Mayor)

1/22/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Annemarie Conroy, Executive Director, Treasure Island Development Authority.
Release of reserved funds in the amount of $67,715 approved. (1/5 of funds requested) approved.
Consideration of remainder ($270,860) continued to the Call of the Chair.
Title of hearing amended by replacing "$338,575" with "$270,860."

AMENDED.

Hearing to consider release of reserved funds, Treasure Island Project (fiscal year 2001-2002 budget), in the amount of $270,860 for salaries and fringe benefits consistent with other City Departments/Special Assistants included in the Citywide Management Classification/Compensation Plan (MCCP). (Mayor)

CONTINUED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

ADJOURNMENT

The meeting adjourned at 1:38 p.m.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS
BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

January 31, 2002

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: February 6, 2002 Finance Committee Meeting

Item 3 - File 01-1774

Note: This item was continued by the Finance Committee at its meeting of October 31, 2001.

Department: Department of the Environment (DOE)

Item: Hearing to consider the release of reserved funds in the amount of $6,750,000 to fund the Power Boosters Program.

Amount: $6,750,000

Source of Funds: Grant funds from the California Public Utilities Commission in the total amount $7,800,000, approved by the Board of Supervisors in August of 2001, of which $7,258,920 was placed on reserve pending submission of additional budget details and the contract award.

Budget: A summary budget for the total contract amount of $6,749,999 is as follows:

Administration	
Marketing	$306,000
Program	
Audits	1,364,000
Installations	502,100
Project Performance	4,577,899
Total Contract	$6,749,999

Attachment I, provided by the DOE, provides budget details in the amount of $6,749,999. Attachment II, provided by DOE provides further details on the budgeted amounts and program components.

Description: The subject $6,750,000 in reserved funds would fund the Power Boosters Program, designed to help small business owners improve energy efficiency thus reducing their own energy costs. In August of 2001, the Board of Supervisors authorized the DOE to expend a grant in the amount of $7,800,000 from the California Public Utilities Commission (CPUC) but placed $7,258,920 of the grant funds on reserve, pending submission of details on the program budget and on the selected contractor, including the hours and hourly rates of the contractor (File 01-1431). A resolution authorizing the acceptance of the subject grant was approved by the Board of Supervisors in July of 2001. The DOE had requested early approval of acceptance of the grant so that it could sign the State grant award prior to the August 1, 2001 deadline to accept the grant (File 01-1322). According to Mr. Cal Broomhead of DOE, the Department has selected a contractor and has finalized a contract in the amount of $6,749,979 with the contractor, Newcomb Anderson Associates. The contractor selection and the contract budget have been approved by the CPUC. Therefore the DOE is now requesting that the $6,750,000 in reserved funds be released.

Under the Power Boosters Program, energy efficiency audits of small businesses are to be conducted and then technical assistance are to be provided for improving the

energy efficiency of participating businesses. According to Mr. Broomhead, under the Power Boosters Program, Newcomb Anderson Associates, a consulting engineering firm that specializes in achieving energy efficiencies, will conduct an estimated 6,360 small business energy audits and will assist an estimated 3,960 small businesses in increasing energy efficiency in an effort to reduce the number of kilowatts used by the small businesses. Mr. Broomhead advises that if the energy efficiency goals are met, the Program should save an estimated 18,000,000 kilowatt hours per year, with a value of approximately $3,600,000 annually based on the current commercial retail price of $0.20 per kilowatt hour multiplied by 18,000,000 kilowatt hours saved. Based on installations at 3,960 small businesses, each business will achieve average energy savings of $900 per small business. In addition, Mr. Broomhead advises that if energy efficiency goals are met, the Program should save an estimated 5,940 kilowatt load for the small businesses.

Under the proposed contract, the selected contractor and the subcontractors retained by Newcomb Anderson Associates, would provide the following services: (a) design standards, procedures and protocols for the audit and installation components of the program; (b) develop a marketing plan; (c) assist the DOE in selecting businesses and marketing the program; (d) conduct energy efficiency audits of approximately 6,360 businesses; (e) provide price estimates for energy-saving recommendations; (f) provide construction management services for each installation of the new energy saving equipment, such as high efficiency lamps, daylight controls for interior spaces, and photocells to control exterior lighting; and (g) complete a program evaluation at the conclusion of the Early Rollout Pilot Program. (See Comment No. 3)

Comments:

1. The budget for the proposed contract with Newcomb Anderson Associates is shown in Attachment I. Mr. Broomhead reports that DOE selected Newcomb Anderson Associates for the $6,749,999 contract through a Request for Proposals (RFP) process. Mr. Broomhead states that the Request for Proposal was submitted to 14 firms and that three firms responded to the RFP: (a)

Newcomb Anderson Associates, (b) Aspen Systems Corporation, and (c) ICF Consulting. DOE provides further details on the RFP process in Attachment III. As shown in Attachment III, Newcomb Anderson Associates received the highest score of 86.33. Attachment IV includes estimated hours and hourly rates for Newcomb Anderson Associates and the subcontractors. A list of all subcontractors to Newcomb Anderson Associates is included in Attachment V.

2. Attachment VI, provided by Mr. Broomhead shows the following bids: a) Aspen Systems Corporation for \$2,233,800, (b) Newcomb Anderson Associates for \$3,021,100, and (c) ICF Consulting for \$3,484,900 and provides further detail on the selection process and contract calculation.

3. According to Mr. Broomhead, the \$6,749,999 contract for the Power Boosters Program was formulated by the CPUC and any changes to the budget would be subject to approval by the CPUC. Mr. Broomhead reports that the CPUC structured \$4,577,899 (\$2,289,217 plus \$2,288,682, see Attachment I) of the \$6,749,999 budget based on achievement of performance goals rather than hours of work performed. The budget includes \$4,577,899 for Project Performance Payments to be paid to Newcomb Anderson Associates for meeting the performance goals specified in the contract as explained in Attachment VI. As shown in Attachment I, the contractor will receive \$578.09 for every completed installation of new energy saving equipment at small businesses. If the contractor meets its goal of completing 3,960 installations it will receive an estimated total of \$2,289,217 in performance payments. Similarly, the contractor will receive \$385.30 for every kilowatt saved by the installation of new energy saving equipment in the participating small businesses. Therefore, if the installations of new energy saving equipment contracted by Newcomb Anderson Associates result in the savings of 5,940 kilowatts, it will receive a total of \$2,288,682. Mr. Broomhead states that this structure was designed to provide an incentive to the contractor to complete small business installations and to deliver kilowatt savings. Mr. Broomhead further reports

that Newcomb Anderson Associates may pass on a portion or all of the Project Performance Payments to the subcontractors and to the small business owners as incentives for participation in the Power Boosters Program.

4. Mr. Broomhead advises that Newcomb Anderson Associates was previously selected for the $200,000 Early Rollout Pilot Program under the Power Boosters Program, which includes performing energy efficiency audits and helping implement new energy saving methods for approximately 40 small businesses. The Early Rollout Program was funded from the subject Grant Funds previously released for expenditure by the Board of Supervisors. The Early Rollout pilot projects will be used as examples when promoting the proposed Power Boosters Program. The services under the Early Rollout Pilot Program are being performed through two workorders to the Department of Public Works (DPW) for a total of $211,000. Mr. Roger Wong of DPW states that DPW awarded the $211,000 contract for the work on a sole source basis to Newcomb Anderson Associates, because Newcomb Anderson Associates was currently performing similar work under contract with DPW. DPW originally selected Newcomb Anderson Associates for a $500,000 contract to assess energy efficiency and manage installation of efficiency equipment in City recreational facilities through a competitive Request for Proposals process in 1998, according to Mr. Wong. Mr. Broomhead provides further details on the Early Rollout pilot in Attachment VII.

5. The Budget Analyst recommends that reserved funds in the amount of $4,461,317 be released to allow the DOE to implement the Power Boosters Program and allow for project performance payments for site installations. The Budget Analyst recommends that the balance of $2,288,683 ($6,750,000 less $4,461,317) continue to be reserved for the monies budgeted to pay the contractor, Newcomb Anderson Associates, for project performance payments for kilowatts delivered, pending the achievement of the subject project performance goals and submission of a detailed report to the Board of

Supervisors pertaining to the kilowatts saved as a result of the Power Boosters Program.

Recommendations:

1. Approve the release of reserved funds in the amount of $4,461,317, as discussed in Comment No. 5 above.

2. Continue to reserve $2,288,683, pending the submission of a detailed report to the Board of Supervisors as to project performance results, as discussed in Comment No. 5 above.

Attachment I

APPENDIX 1

SAN FRANCISCO POWER SAVERS

	rate	units	subtotal	Total
Admin				$306,000
General Management			$0	
Marketing			$306,000	
Monitoring and Verification Contract			$0	
Program				$6,443,999
Audit				$1,364,000
Standards/procedures/quality control protocols			$120,000	
Audit Tool License Acquisition			$70,000	
Audit Tool Customization			$97,200	
Customer Recruitment			$100,800	
Auditor Training			$120,000	
Initial Quality Control			$220,000	
Audits	$100	6,360	$636,000	
Installation				$5,059,999
Standards/protocols			$60,000	
Quality control, warranties, cost-benefit calculations			$75,600	
Solicit contractors			$80,000	
Project Financing			$175,000	
Initial Quality Control			$91,500	
Monitoring and Verification Cooperation			$20,000	
Project Performance Payments				
Sites installed	$578.09	3,960	$2,289,217	
kW delivered	$385.30	5,940	$2,288,682	
			$4,577,899	
TOTAL				$6,749,999

Source: Department of Environment

SF Environment

WILLIE L. BROWN, JR.
Mayor

JARED BLUMENFELD
Director

January 24, 2002

TO: Mr. Harvey Rose, Budget Analyst

FROM: Cal Broomhead, Resource Efficiency Program Manager

SUBJECT: Small Business Lighting Program Budget

To set the program goals, CPUC staff provided a benchmark of $1.5 million per MW saved in the small business sector and wanted to see an improvement over that mark. At $8 million divided by $1.33 million per MW gave approximately 6 MW as a goal. An average savings of 1.5 kW per site was set using information from the CPUC and Berkeley's direct experience. 6 MW divided by 1.5 kW per site equals 4,000 sites.

The budget for the Small Business Lighting Program was primarily determined by the CPUC staff.

Of the total $10 million, the City of Berkeley was awarded 20%. An additional 2.5% was retained by the CPUC for their oversight costs leaving $7.8 million for our contract. To apportion funds to the budget categories, CCSF and Berkeley planned to administrate this program differently, with slightly different budgetary requirements; however, the CPUC wanted the budget formulas to be identical.

Budget line items were developed and funds apportioned by the funding legislation and the CPUC staff on a percentage per line item. The legislation creating the funding set General Administration costs at no more than 15%. This is to include marketing, overhead, Monitoring and Verification and program management. CPUC staff started with 50% of the General Administration to be used for overhead and program management and 1% of the total program to be used for Monitoring and Verification. The cities' staffs argued to put more in marketing and less in overhead, program management and general management.

The Monitoring and Verification contract will apply to both cities and will be administered by CCSF but managed by the CPUC staff. City of Berkeley will provide 20% or $19,500 of service as a trade from their marketing or program development budget.

The remaining 85% was to be divided among Early Rollout (pilot phase) at 2.5% of the total, Audits at 20%, and Installations the remaining 62.5%. Slightly different amounts were negotiated to put more into the Installations because customer incentives are critical to making this affordable to small businesses.

$636,000 is dedicated to performing the audits and only accounts for on-site work conducting audits and later verification of specifications. $120,000 is for Standards, procedures and protocols to be developed and refined during the course of the program. This includes the design of the overall program, the audit standards, equipment specifications, quality control processes, customer screening protocols, operating procedures, audit report procedures, on-going review and revisions to program design, and on-going

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SF Environment

WILLIE L. BROWN, JR.
Mayor

JARED BLUMENFELD
Director

management of the audit systems. The $70,000 for the audit software is for the license purchase only. $97,200 is for selection of the software (3 tools to be evaluated), customization of the software to fit the Power Savers program, coordination with the Berkeley program (using the same tool as requested by the CPUC), periodic review and enhancements of the software. $100,800 is for recruiting the customers including screening customers, scheduling the audits, and convincing the customers to go forward with an installation (at each of these points, customers can say "no" to moving forward). $120,000 is for auditor training including development of the training, initial training, ongoing training, and assessments of auditor performance. $220,000 for initial quality control includes evaluation of the entire program over the first 500 audits. This is a detailed review beginning with the customer intake procedure all the way through to the point of assigning a construction contractor to the installation. This includes the customer screening forms and protocols, customer communication formats and protocols, audit aggregation to reduce travel time, audit procedures, detailed review of the audits including a second site visit to review audit quality, audit report formats, audit tracking system, aggregation criteria for assignment of construction contractors, and program results.

Installation costs in this budget only reflect a portion of the actual cost estimated at $10,000,000. Incentive payments will be equal to approximately 25% of the total capital cost with the customers paying 75% of the construction costs. An additional 25% will be spent on construction management to ensure a quality installation (typical construction management costs on $1 million in construction is approximately 15%; however, for so many small projects, the costs will be much higher). These costs are in the performance payments for kW saved and sites installed. Other installation costs are for development of the program standards and procedures related to construction. $60,000 for construction management standards and procedures. $75,600 is for development of the quality control program, warranty management system, and quality tracking system. $80,000 is for contractor and equipment distributor selection, negotiation of materials and pricing contracts, and ongoing review and re-negotiation of contracts. $175,000 for project financing is to pay for the Small Business Development Center's labor costs and the financing fees for customers needing to finance the construction work. $91,500 is for initial quality control of the contractors including on-site inspections (including opening fixtures) and monitoring energy savings via utility bill reviews. $20,000 for Monitoring and Verification cooperation is time required to work with the M&V contractor to inspect and verify kW savings and sites installed (requiring site visits).

Attachment III

SF Environment

WILLIE L. BROWN, JR.
Mayor

JARED BLUMENFELD
Director

January 24, 2002

TO: Mr. Harvey Rose, Budget Analyst

FROM: Cal Broomhead, Resource Efficiency Program Manager Cal BW

SUBJECT: Small Business Lighting Program RFP Process

RFPs notices for our Small Business Lighting Program were sent out in mid-July to 400 on the SFE mailing list including the sole Energy Consultant listed on the Human Rights Commission MBE/WBE list and firms known to be active in the energy consulting field. The Bidder's meeting was mandatory and 38 people attended representing 19 consulting firms.

The process went as stated in the RFP, "The City intends to evaluate the proposals generally in accordance with the criteria itemized below. Up to 3 of the individuals or firms with the highest scoring proposals will be interviewed by the committee to make the final selection... Following the evaluation of the written proposals, reference checks may be conducted by staff. The three proposers receiving the highest scores will be invited to an oral interview. The interview will consist of standard questions asked of each of the three proposers, and specific questions regarding each individual proposal. Answers will be scored for each question. Final scoring will be determined from the oral interviews alone and will be based on proposed project plan, experience, approach, professional qualifications and similar project experience."

August 24 we received three proposals: Newcomb Anderson, ICF Consulting, Aspen Systems. A copy of the proposals and the HRC forms were sent to HRC for review. Staff reviewed the proposals for completeness and checked references. No references provided comment contradictory to the proposal statements. The panelists were sent a copy of each proposal and provided a scoring sheet (attached) that included criteria for scoring. All scores were turned in by September 5.

To calculate labor rates, proposals were required to calculate a total program labor cost using a form provided by SFE. The form prescribed the personnel categories and provided an assumed distribution of hours of labor for each category over the course of the contract. The fee scores were calculated (attached) according to City requirements and given a 10% weighting. Aspen received the full 10 points, Newcomb Anderson 7.39 points and ICF 6.41 points. Additionally, proposals were required to provide the percentage administration to be charged for subcontractors. Newcomb Anderson bid 5% and the others bid 10% (This was not given a weighting in the scores). A copy of the scores were sent to HRC. The total scores were 73.64, 74.75 and 78.66 - too close to eliminate any proposal from the interview; therefore, all proposers were notified to attend the oral interview.

Interviews were held on September 12. During the interviews, panelists had a copy of the questions that were weighted to provide a maximum possible points totaling 100. Score sheets were gathered and faxed to HRC to be reviewed and totalled. The scores were Newcomb Anderson 86.33, ICF 83.0, Aspen 73.33. Per the RFP, the winner of the oral interview would be selected. All parties were notified that Newcomb Anderson was selected.

The hourly rates to be used in the Newcomb Anderson contract are those set forth by Newcomb Anderson in their proposal.

January 24, 2002

City and County of San Francisco
Department of the Environment

Small Business Energy Efficiency Program
Estimated Total Program Cost

The estimated hours shown below are those specified by the City for use in evaluating the RFP. Actual hours will be different and will be allocated according to program needs. The weighted average rate used for each position is based on the estimated hours that will be assigned to each firm. Actual hours assigned to each firm and each individual within the firm will be different and allocated according to program needs.

The estimated hours listed in the RFP did not include program design, financing and production of marketing materials. We anticipate there will be additional costs for these functions and tasks.

Position	Estimated Hours	Weighted Average Rate	NAA		ES		CEE		ACC		NBA		YEI		Galvan		SODC		KIA		M3		Brandon		Dolphin	TOTAL
			Avg Rate	% of Hours	Avg Rate	% of Hours	Avg Rate	% of Hours	Avg Rate	% of Hours	Avg Rate	% of Hours	Avg Rate	% of Hours	Avg Rate	% of Hours	Avg Rate	% of Hours	Avg Rate	% of Hours	Avg Rate	% of Hours	Avg Rate	% of Hours		
Program Manager	3,700	$138	$138	100%																						$510,600
Marketer	500	$102													$85	30%	$70	20%	$125	30%	$125	20%				$51,000
Auditor	12,000	$107	$118	50%					$78	15%	$93	15%	$113	20%												$1,284,000
Data Analyst	500	$93					$93	100%																		$46,500
Lighting Designer	500	$116	$118	50%									$113	60%												$58,000
Engineer	1,000	$117	$118	60%					$150	15%	$93	20%	$113	15%												$117,000
Project/Construction Manager	8,000	$111	$118	70%					$75	10%	$93	10%	$113	10%												$888,000
Administrative *	2,000	$33	$0	30%			$51	20%	$50	10%	$42	10%	$48	10%	$25	10%			$80	10%						$66,000
Clerk	3,700	$60	$69	60%			$51	10%	$40	10%	$42	10%	$48	10%												$222,000
Total																										$3,021,100

* Note: NAA clerical staff is included in overhead and is not billed separately.

ES	Energy Solutions
ACC	ACC Energy Services
CEE	Center for Energy and Environment
NBA	NBA Engineering, Inc
YEI	YEI Engineers, Inc
SBDC	Small Business Development Center
KIA	KI Associates
M3	M Cubed
Brandon	Linda Brandon Design
Dolphin Graphics	

Attachment IV

Team Member	Location of Firm	Length of Time in Business (years)	Licenses/Credentials
Newcomb Anderson Associates	San Francisco	18	11 Professional Engineers (P.E.), 8 Certified Energy Managers, 2 CLEP's, one CCP
Energy Solutions	Oakland	6	1 Certified Energy Manager
Center for Energy and Environment	Sonoma, CA and Minneapolis, MN	12	2 P.E.'s
ACC Energy Services	Oakland	16	1 P.E., 2 Contractors
NBA Engineering, Inc.	San Francisco	10	4 P.E.'s, 1 Contractor
YEI Engineers, Inc.	Oakland, San Francisco	26	7 P.E.'s
Catania Galvan and Associates	San Francisco	10	N/A
KI Associates	San Francisco	15	N/A
Small Business Development Center	San Francisco	6	N/A
M3	San Francisco	10	None
Dolphin Graphics	San Francisco	13	N/A
Linda Brandon Designs	Oakland	6	N/A

The matrix below shows in which program areas we expect each firm to contribute.

Team Member		NAA	ES	CEE	ACC	NBA	YEI	Galvan	SBDC	KIA	M3	Dolphin Graphics	Linda Brandon
	MBE						x	x		x		x	
	WBE					x		x					
	NPCBO*			x					x		x		
Program Task													
Program Design		x	x	x									
Marketing Development		x	x	x				x		x	x		
Marketing Production/Graphics			x									x	x
Community Outreach		x						x	x	x	x		
Audits		x			x	x	x	x		x			
Project Design & Spec		x					x						
Construction Subcontracting		x											
Hazardous Materials					x								
Construction Management/QA		x			x	x	x						
Incentives & Financing		x							x				
Invoicing and Reporting		x											
M&V Assistance		x											

* NPCBO = Non-profit and/or community-based organization

Attachment VI

SF Environment

WILLIE L. BROWN, JR.
Mayor

JARED BLUMENFELD
Director

January 24, 2002

TO: Mr. Harvey Rose, Budget Analyst

FROM: Cal Broomhead, Resource Efficiency Program Manager Cal Broomhead

SUBJECT: Small Business Lighting Program Fee Scoring Process and Performance Enforcement

SFE did not select the lowest priced proposal because we estimated that the experience and capabilities of the consultant would have greater impact on program success than labor prices due to the fact that much of the critical labor costs would be covered in performance payments. Therefore, fees were given a 10% weight.

Proposing firms provided cost estimates based upon a set of job titles and our estimate of the total number of hours that might be spent per job classification. This was done because attendees at the Pre-bid Conference questioned how we could assess fees. If job classifications vary among companies and some classifications would be used only slightly during the program, bidders would be able to game the fee scoring by deleting some high paying classifications that would not be used very often, e.g. the principal, attorneys, etc. Therefore, we provided a list of 9 job classifications. At that time, we estimated that 50% of program funds might go to labor and that $110 is a reasonable average cost per hour which calculates to approximately 30,400 hours, which we then spread among the 9 classifications. Proposers were instructed to multiply their own labor rates times the number of hours in each classification and provide a grand total to be used to score the fees.

The results were: Aspen Systems at $2,233,800; Newcomb Anderson at $3,021,100; and ICF at $3,484,900.

The difference between $3,021,100 and $6,750,000 is because our estimate was that 50% of program cost would go to labor and because the Newcomb Anderson average cost for our estimated hours came in below $100 per hour.

Performance payments will be made when audits are completed, when sites have completed installation, and when kW have been saved. First, Newcomb Anderson contruction manager has to personally visit and sign off on each installation and each business owner will be handed a survey to send in. This is critical to Newcomb Anderson's quality control program and critical to keeping their costs down.

Second, each month Newcomb Anderson will provide an invoice and report that includes an electronic copy of the database and its reports. The report will contain a list of address, business name, owner and contact information for all audits and installations completed, and kW saved per site. The database also contains the audit report that details the energy savings. SFE staff will spot check these facts with phone calls and site visits because it is critical to program success. Our marketing role requires regular contact with business organizations, review of sampled site installations, and very close attention to complaints. The Program Manager, Hank Ryan, is an energy efficiency specialist and can easily determine if they are not meeting the goals of sites installed and kW saved. If we find discrepancies between the report and our spot checks, the invoice will not be paid and we go back and check every job on that invoice.

Third, a third party Monitoring and Verification team, managed by CPUC will be working with Newcomb Anderson and SFE staff to verify savings achieved. They will use formal industry M&V protocols to review program claims. We are working now to clarify the CPUC criteria for kW savings.

Attachment VII

SF Environment

WILLIE L. BROWN, JR.
Mayor

JARED BLUMENFELD
Director

TO: Mr. Harvey Rose, Budget Analyst

FROM: Cal Broomhead, Resource Efficiency Program Manager CLBM

SUBJECT: Small Business Lighting Program Early Rollout

Early Rollout is the pilot phase of the Small Business Lighting Program. This work is being performed under a master contract held by Department of Public Works for similar services on City facilities. To meet the requirements of the CPUC timeline, permission was obtained to extend the scope of the DPW master contract to include City facilities for this pilot phase. Of the four firms in the master contract, Newcomb Anderson was the only firm with expertise in lighting, the depth of staff to perform the work, and locally availabe for the multiplicity of meetings and on-site service required by this work.

The goal of the pilot is 60 audits and 40 installations. To date, the program has secured 62 audit authorizations, performed 47 audits, presented 29 to the business owners, secured 12 installation authorizations and completed 7 installations. Two of those installations are only a few blocks from City Hall: Civic Center Market on Market on the corner of Larkin, and Dalda's Grocery on Eddy at the corner of Taylor.

In spite of the impact of the drop in the local economy, the psychological and economic impact of 9/11, delays in required City processes, and an enforced break created by the holiday season, this pilot has not yet met its goals, but has had some success. Comparing the number of audits presented to the number of installations authorized, we have a conversion rate of 40%, double the success rate of other small business programs. Installed measures are saving a total of 7.7 kW and saving $3,720 annually at a cost to the owners of $9,926 a 37% return on investment.

We have learned many lesssons that are now being used to develop a better program design with faster service at lower cost and even higher quality of design. We are currently finishing the audits, and making the presentations to the businesses, securing more contracts, and installing more measures. We are also preparing our marketing systems, training our own staff, developing communication links with City agencies and members of the Board of Supervisors, and reaching out to businesses and business organizations in targeted locations.

Item 4 - File 01-2236

Note: This ordinance was amended at the Board of Supervisors meeting of January 28, 2002 to add $31,557 and was re-referred to the Finance Committee.

Department: District Attorney

Item: Ordinance appropriating $260,144 from the General Fund Reserve to provide funding to the District Attorney for the Court-ordered change of venue for the case of People of State of California v. Knoller, et al.

Amount: $260,144

Source of Funds: General Fund Reserve

Description: The District Attorney is prosecuting Ms. Marjorie Knoller and Mr. Robert Noel for involuntary manslaughter and keeping vicious dogs and is also prosecuting Ms. Knoller for second-degree murder in the death of Ms. Diane Whipple. In September of 2001, the case of the People of the State of California v. Knoller, et al. was moved from San Francisco to Los Angeles by order of San Francisco Superior Court Judge James Warren. The change in venue came as a result of a defense motion to move the trial based in part on a defense-sponsored survey which found that 71 percent of potential jurors in San Francisco had already concluded that the defendants were either definitely guilty or probably guilty.

The trial is scheduled to begin with jury selection on January 24, 2002 and is expected to last at least 10 weeks. The change of venue requires that the District Attorney's Office prosecution team relocate to Los Angeles for the duration of the trial. The District Attorney is requesting a supplemental appropriation in the amount of $260,144 for living accommodations, transportation, office supplies and equipment, messenger services, temporary support staff and other trial related expenses for the trial in Los Angeles.

Budget: Attachment I, provided by the District Attorney's Office, provides budget details in the amount of $259,258.

Comments: 1. Ms. Teresa Serata of the District Attorney's Office reports that the trial is expected to last at least 10 weeks, but because it is difficult to estimate the duration of the

trial, it could last more or less than 10 weeks. According to Ms. Serata, it is unlikely that the trial will be less than 10 weeks. However, Ms. Serata states that if the trial is shorter, the District Attorney's Office will return the unused portion of the subject requested funds to the General Fund Reserve. If the case continues beyond the estimated 10 weeks and if more funds are needed, Ms. Serata reports, the District Attorney's Office will request that additional funds be appropriated by the Board of Supervisors.

2. Ms. Serata reports that the prosecution team working in Los Angeles for the trial will consist of three attorneys, two District Attorney investigators, one paralegal, two temporary investigators/paralegals and one legal secretary, for a total of 9 positions. Ms. Serata reports that the District Attorney's Office will hire the two temporary 8132 Assistant District Attorney Investigators/Paralegals at a total cost of $18,038 (including $16,740 in temporary salaries and $1,298 for Social Security, Medicare and Unemployment Insurance) for the estimated 10 week duration of the trial as shown in the attached budget. Ms. Serata reports that the two temporary investigators are law students who are currently interning in the District Attorney's office. Ms. Serata further advises that the two law students are not currently being paid a salary, but will be brought on as temporary 8132s for the trial. According to Ms. Serata, the prosecution team needs two investigators in Los Angeles because one will be coordinating witnesses throughout the trial and the second will be doing onsite research and other tasks for the attorneys. Upon conclusion of the trial, Ms. Serata states that the two temporary 8132 positions will be terminated. In addition, one legal secretary, residing in the Los Angeles area, will be retained at an estimated cost of $12,000 through a temporary services firm located in Los Angeles for the duration of the trial. Further details are included in Attachment II, provided by the District Attorney's Office.

3. Ms. Serata reports that the District Attorney's Office will be renting five one-bedroom apartment units in Los Angeles for the estimated 10 week duration of the trial at

an estimated total cost of $31,700 as shown in the attached budget.

According to Ms. Serata, the five one-bedroom apartment units will provide accommodations for the eight staff members who would relocate from San Francisco to work in Los Angeles. As shown in Attachment II, the District Attorney's Office has budgeted $31,700 for rent for the five apartment units, or $575 per week per apartment for ten weeks, or $2,875 per week for all five units at a total cost of $28,750. In addition, $2,500 has been budgeted for security deposits for the five apartment units ($500 per unit), which is refundable; $375 for set up fees to clean and prepare the five apartments for occupancy at $75 per unit, which is not refundable; and $75 for the application fee, which is not refundable, for a total estimated amount of $31,700.

4. According to Ms. Serata, the $115,000 budgeted for Litigation Expenses includes trial exhibit preparation, such as printing and reproduction, the transportation and accommodations for trial and expert witnesses and other related trial costs. Ms. Serata states that the District Attorney's Office is unable to provide additional budget details to the Budget Analyst on Litigation Expenses because it would compromise the prosecution team's strategy for the trial. According to Ms. Serata, the District Attorney's Office is prepared to provide any additional details to the Finance Committee in closed session if requested to do so by the Finance Committee.

5. Ms. Serata reports that the District Attorney's Office will drive two City-owned automobiles to Los Angeles and rent two additional automobiles in Los Angeles for the duration of the trial at a rental cost of $250 per automobile per week, for a total of $5,000 for the two rented automobiles for ten weeks. The District Attorney's Office has budgeted a total of $2,000 for fuel, or $50 each for four automobiles for ten weeks. According to Ms. Serata, the reason the District Attorney's Office cannot relocate two additional City-owned automobiles to Los Angeles for a total of four, and instead is renting two automobiles, is because the District Attorney's Office does

not have sufficient available automobiles to relocate all four automobiles to Los Angeles. Further, Ms. Serata reports that many of the District Attorney's automobiles are grant-funded and therefore cannot be taken to Los Angeles for this trial. In addition, Ms. Serata states that the District Attorney's Office has several Compressed Natural Gas automobiles, which are not appropriate for the long-distance drive to Los Angeles.

6. Ms. Serata reports that although the defendants requested separate trials, Superior Court Judge James Warren has denied the defense motion and therefore the case will proceed as one trial.

7. The proposed supplemental appropriation was originally budgeted for $275,237. Based on inquiries of the Budget Analyst, the District Attorney's Office proposed a reduced budget in the amount of $228,587 or $46,650 less than the budget as previously submitted to the Board of Supervisors. The Budget Analyst previously recommended on January 23, 2002 that the ordinance be amended to reduce the amount appropriated by $46,650 from $275,237 to $228,587 and an amendment to reduce the supplemental appropriation request by $46,650 was approved by the Finance Committee.

8. The District Attorney's Office subsequently identified an additional need for $31,557 for the supplemental appropriation and the subject supplemental appropriation was amended for a total revised request of $260,144. Attachment III, provided by the District Attorney's Office provides an explanation for additional requested expenditures of $30,670, or $887 less than the requested amount of $31,557. As explained in Attachment III, Ms. Serata reports that the additional $30,670 will be used for the two additional temporary Investigators and one temporary Legal Secretary to supplement the prosecution team working in Los Angeles with additional personnel working in San Francisco, for the estimated 10 week duration of the trial. Ms. Serata reports that the prosecution team needs two investigators and one legal secretary to support the prosecution team by conducting ongoing investigations and legal work in San Francisco. The Budget Analyst recommends amending the ordinance

to reduce the amount appropriated by $887 from $260,144 to $259,257. The reduction of $887 includes: (a) a $709 reduction in Temporary Salaries, from $53,743 to $53,034; and (b) a $178 reduction in Fringe Benefits, from $7,851 to $7,673.

9. Ms. Serata reports that the District Attorney's Office has already incurred and/or obligated a total of $39,275 of the requested amount of $260,144. The $39,275 already obligated includes: $31,700 for the rental of five apartment units; $2,300 for transportation and accommodations; $5,000 for litigation expenses; and $275 for a fax machine. According to Ms. Serata, such expenditures and obligations were incurred prior to obtaining approval of the Board of Supervisors because it was necessary to make arrangements for accommodations and other preparations for the trial in order to be ready for jury selection which began on January 24. The Finance Committee previously amended the ordinance to provide for such retroactivity. The Budget Analyst considers the approval of such retroactive costs and obligations to be a policy decision for the Board of Supervisors.

Recommendations:

1. Amend the proposed ordinance to reduce the requested supplemental appropriation by a total of $887 from $260,144 to $259,257 (line 16, page 1), by reducing the amount for Temporary Salaries (line 24, page 1) by $709, from $53,743 to $53,034 and reducing the amount for Fringe Benefits (line 9, page 2) by $178, from $7,851 to $7,673, as discussed in Comment No. 7 above.

2. Approve the proposed supplemental appropriation in the amount of $219,982 ($259,257 less $39,275 in retroactive expenditures).

3. Because of retroactivity, approval of $39,275 of this $260,144 request is a policy decision for the Board of Supervisors, as discussed in Comment No. 9 above.

DESCRIPTION OF APPROPRIATION	BUDGET	REVISED BUDGET
Temporary Salaries	$16,740	$53,034
Fringe Benefits	$1,297	$7,673
Travel Costs Paid To Vendors	$15,600	$15,600
Travel for prosecution team to and from Los Angeles		
$200 round trip airfare for 10 trips for 6 staff		
$200 round trip airfare for 9 trips for 2 staff		
Professional Services-Legal Services	$12,000	$0
Funding for a temporary legal secretary in Los Angeles		
$30 per hour x 400 hours		
Rental Property	$31,700	$31,700
Housing for prosecution team (8 members) for 10 weeks		
Rental Vehicles	$5,000	$5,000
Rent 2 vehicles for 10 weeks in Los Angeles		
Equipment Rental	$3,250	$3,250
Rental of office equipment for 10 weeks		
Telephone	$9,000	$9,000
Installation and usage of 6 telephones for 10 week trial		
Subsistence	$12,000	$12,000
Food allowance for 8 prosecution team members		
$30 per day for 10 weeks		
Messenger Services	$500	$500
Court Reporter Transcripts Services	$2,500	$2,500
Litigations Expenses	$115,000	$115,000
Fuel	$2,000	$2,000
Fuel for rental and investigator vehicles		
$50 per week x 10 weeks x 4 vehicles		
Office supplies	$2,000	$2,000
TOTAL SUPPLEMENTAL APPROPRIATION REQUEST	$228,587	$259,257

Source: San Francisco District Attorney's Office

MEMORANDUM

DATE: January 15, 2002

TO: Sarah Graham
Board of Supervisor's Budget Analyst Office

FROM: Teresa Serata
District Attorney's Office

SUBJECT: Response to Questions Regarding Supplemental Appropriation

Per our previous conversations, I am providing additional information pertaining to our supplemental appropriation request for $275,237 to cover the additional costs related to the People of the State of California v. Knoeller, et al. trial due to the change of venue.

The trial is set to begin on January 24, 2002 starting with the selection of the jury. In order to prepared for court on Tuesday, our prosecution team is scheduled to relocate to Los Angeles on January 17, 2002. We expect the trial team to be in Los Angeles for 10 weeks.

The defense has made a motion for separate trials for the two defendants. However, on Tuesday, January 15, 2002 the judge determined that the case would proceed as one trial. The supplemental appropriation request only reflects the additional costs related to one trial.

The Los Angeles District Attorney's Office is graciously providing office space for our team. We are sending two members of the team to Los Angeles this week to do a site visit of the office space, court building, and related facilities, conduct a final needs assessment for the trial team, and handle any logistical issues.

Temporary Salaries: We are planning to hire two temporary 8132-Assistant District Attorney Investigators/Paralegals to provide trial support to the team in Los Angeles. The individuals we plan to hire are unpaid interns who have been assisting the attorneys and are familiar with the case. We will fill the positions effective January 17, 2002, the day the team plans to relocate to Los Angeles, and will only need the temporary staff during the course of the trial, which we anticipate to be 10 weeks ($1,674 bw x 5 payperiods x 2 FTE).

One 8132-Assistant District Attorney Investigators/Paralegal will be responsible for coordinating the transportation and accommodation arrangements for the witnesses. The other will be

responsible for ensuring the office is functional during the trial, e.g., copying, filing, and maintaining documents and trial materials.

Professional Services: We plan to obtain the services of a legal secretary through a temporary agency in Los Angeles. The legal secretary will provides services such transcribing (as needed), and word processing legal documents, e.g., jury instructions.

Rental Property: We are renting 5 apartments for 8 staff. The cost for each unit is as follows:
$5,750 rent for 10 weeks ($2,300/month)
500 security deposit (refundable)
75 set up fee (non refundable)
$6,325 per unit for 10 weeks

5 units x $6,325 per unit =	$31,625 for 10 weeks
Plus 1x application fee	75 (non refundable)
TOTAL Rental Property	$31,700

To date, we issued a check for $1,300 as a deposit for the rental units.

Rental Vehicles: We will rent two vehicles ($250/week x 10 weeks) and drive two city vehicles.

Rental Equipment: We originally assumed that we would have to rent computers, printers, copiers, transcribers, and facsimile machines. The Los Angeles District Attorney's Office is setting up an office for us, which includes four computers and printers. It is more economical to buy a facsimile machine than to rent one. It costs $75-100/month to rent a facsimile machine and $250 to purchase. We decided to buy one instead of rent.

Copier	$3,000 for 10 weeks ($1,200 per month)
FAX	250 to purchase
Total	$3,250 for 10 weeks

Litigation Expenses: The expenditures related to this line item are confidential. In general, these expenses are for transportation, accommodations, and per diem for witnesses, and trial exhibit preparation and reproduction.

If you have additional questions, please contact me at 553-1895.

Thank you for your assistance in this matter.

MEMORANDUM

DATE: January 28, 2002

TO: Sarah Graham
Budget Analyst's Office

FROM: Teresa Serata
District Attorney's Office

SUBJECT: Amendment to Ordinance File No. 012236

We are amending the ordinance File No. 012236 by $30,670 as follows: increasing temporary salaries by $36,294, including the reallocation of $11,290 from the $12,000 in legal services, and fringe benefits by $6,376, including the reallocation of $710 from the $12,000 in legal services. The additional $30,670 is made up of an additional $36,294 for temporary salaries plus an additional $6,376 for fringe benefits, offset by a reduction of $12,000 in legal services.

We currently have a prosecution team working in Los Angeles as a result of the court ordered change of venue in the case of People of the State of California v. Knoller, et. al. We are requesting additional funds to hire temporary staff (two 8146 District Attorney Investigators and one 1458 Legal Secretary I) who are needed to conduct and follow through on related investigations in San Francisco. In addition, we are requesting that we reallocate the funds for legal services so that we can hire a temporary legal secretary to perform work in San Francisco.

If you have any questions, please contact me at 553-1895.

Thank you for your assistance in this matter.

Item 5 - File 02-0098

Department: Public Health

Item: Hearing to consider the release of reserved funds in the amount of $100,000 for the Shanti LifeLines Breast Cancer Pilot Project.

Amount: $100,000

Source of Funds: General Fund monies reserved in the Fiscal Year (FY) 2001-2002 DPH budget.

Description: During the FY 2001-2002 budget review, the Board of Supervisors appropriated and reserved $100,000 to the Department of Public Health (DPH) for the Shanti LifeLines Breast Cancer Pilot Project. Such funds were placed on reserve pending the submission to the Finance Committee of contract details including the services to be provided by Shanti LifeLines, hourly rates and the estimated hours. Ms. Monique Zmuda of DPH reports that Shanti LifeLines is a non-profit organization that has contracted with DPH since 1988 for the provision of HIV/AIDS related services (see Comment No. 1).

Under the subject Shanti LifeLines Breast Cancer Pilot Project, Shanti LifeLines would provide support services to an estimated 80 women diagnosed with breast cancer living in the City who are medically underserved, uninsured or underinsured, with low or no income, and marginally housed or homeless. The LifeLines Breast Cancer Pilot Project is intended to provide support services to such indigent women diagnosed with breast cancer including emotional peer support provided by a Shanti-trained volunteer, childcare, pet care, accompanying clients to medical appointments, housecleaning, and assistance with errands and cooking. The Pilot Project aims to address barriers to accessing breast cancer treatment and support services through peer volunteer and transportation services.

According to Ms. Zmuda, in addition to the subject reserved funds in the amount of $100,000, the Board of Supervisors also appropriated an additional $75,000 in General Fund monies during the annual budget review to DPH's FY 2001-2002 budget for the subject Pilot Project,

bringing the total Pilot Project budget to $175,000. Ms. Zmuda advises that the $75,000 addback was not placed on reserve so that Shanti LifeLines could begin the four-month planning phase of the Pilot Project. According to Ms. Zmuda, $73,111 of the $75,000 in addback funds has been expended on program planning since October 1, 2001 (see Comment No. 2), leaving $1,889 in unexpended funds. To date, no clients have been served by the Pilot Project. Ms. Zmuda reports that all funds for the subject Pilot Project will be fully expended by June 30, 2002.

According to Ms. Zmuda, clients are selected based on their financial need for services. Shanti will rely on client referrals from other providers of breast cancer treatments/services and a bilingual outreach campaign. The bilingual outreach campaign will include advertisements in local Latino and community newspapers, postings in churches and synagogues, and street outreach targeting the Tenderloin, Bayview Hunters Point, South of Market, Chinatown, the Inner Mission and the Bernal Heights communities.

Budget: Total project costs are $175,000, including $73,111 for costs previously incurred as shown in Attachment I provided by Ms. Zmuda, and $101,889 as shown in Attachment II provided by Ms. Zmuda. The $101,889 includes the subject requested release of $100,000 plus $1,889 in previously appropriated but unexpended funds.

Comments: 1. According to Ms. Zmuda, the subject Shanti Lifelines Breast Cancer Pilot Project would be modeled after the Shanti LifeLines projects for persons with HIV/AIDS. The DPH selected Shanti LifeLines to develop and conduct the subject Pilot Project on a sole source basis because of its experience in providing similar services to persons with HIV/AIDS.

2. Ms. Zmuda reports that Shanti LifeLines staff, in consultation with DPH, have spent the past approximately four months (October 1, 2001 through January 29, 2002) developing the subject Pilot Project at a cost of $73,111. As previously noted, funds to cover the cost of the four months of the Pilot Program's development were from a Board of Supervisors addback to DPH's FY 2001-2002 budget during the annual budget

process. Attachment I, provided by DPH contains a budget and explanation of the $73,111 previously expended. The balance of $1,889 ($75,000 less $73,111) will be combined with the subject requested reserve of $100,000 to fund other Pilot Program costs, for a total additional cost of $101,889.

3. Attachment II, provided by Ms. Zmuda contains a budget and explanation of the unexpended project costs of $101,889, including this subject request of $100,000. Such costs include $23,597 for intake services including intake follow up services. As previously noted, DPH anticipates that 80 women will be served by the subject Pilot Project.

4. As shown in Attachment II, peer volunteer services, at a cost of $23,325, will be provided to an estimated 20 clients. The peer volunteers will include survivors of breast cancer, women living with breast cancer, and caregivers or a family member of someone who has had breast cancer.

5. As shown in Attachment II, costs totaling $25,949 are included for Shanti LifeLines staff to train peer volunteers, and coordinate and oversee the peer volunteer program.

6. As shown in Attachment II, transportation services costing $29,018, will be provided to an estimated 80 clients, including the 20 clients also receiving peer volunteer services plus an additional 60 clients in need of transportation services only. Such transportation services will be provided in Shanti LifeLines vans and will include round-trip rides to medical and social services appointments. Ms. Zmuda explains that more women will need transportation services than will need peer volunteer services because some women will have family support and may find a volunteer an intrusion into their family structure, whereas others will have little support and will need volunteer support.

Recommendation: Approve the proposed release of reserved funds.

Attachment I

Shanti Lifelines Breast Cancer Pilot Project Budget

Program Development $73,111

Staff time, operating, training, and indirect costs to plan, develop, coordinate and implement program components.

Program Development	4 Months	$18,277 Per Month
Staff hours	836 Hours	$87.45 per hour

Source: DPH

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Attachment II

Shanti Lifelines Breast Cancer Pilot Project Budget

Program Services $101,889 (5 months)

Service Modality	Units of Service	Cost Per Unit	Total
Intake/Follow-Up	320 Hours	$73.74	$23,597
Peer Volunteer Match/Follow-up	254 Hours	$91.83	$23,325
Peer Volunteer	720 Hours	$36.04	$25,949
Client Transportation	750 Hours	$38.69	29,018
		Total	$101,889

Intake/Follow-Up	320 Hours	$73.74	$23,597

An estimated 320 hours of intake/follow-up services would be provided to clients. Innake services include an assessment by Shanti LifeLines staff to determine the client's needs and eligibility for services, and to establish a plan of care. Clients will receive follow-up contact from Shanti LifeLines staff to verify that their needs are being met by Shanti LifeLines services.

Peer Volunteer Match/Follow-up	254 Hours	$91.83	$23,325

Shanti LifeLines staff would provide an estimated 254 hours of peer volunteer match/follow-up services to the clients. LifeLines staff will evaluate the initial request for peer volunteer services, match the clients to an appropriate peer volunteer, and provide follow-up with the clients and peer volunteers to determine the effectiveness of the client/peer volunteer match. It is estimated that 20 unduplicated clients will be provided the volunteer match and follow-up services.

Peer Volunteer	720 Hours	$36.04	$25,949

An estimated 720 hours of peer volunteer services would be provided to the 20 clients. These services include, but are not limited to, emotional peer support provided by a Shanti-trained peer support volunteers trained in non-judgmental active listening; childcare, pet care, accompanying presence to medical appointments, grocery shopping, housecleaning, assistance with errands, paying bills, cooking, etc.

Client Transportation	750 Hours	$38.69	29,018

Shanti would provide 750 hours of transportation services to clients. These are van rides provided to the client, children of the client, and/or an attendant (caregiver, volunteer, etc.) to medical appointments, social services appointments, and/or Project Open Hand Grocery Center.

Source: DPH

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Item 6 - File 02-0125

Department: Business and Economic Development, Treasure Island Development Authority

Item: Hearing to consider release of reserved funds, Treasure Island Development Authority (Fiscal Year 2001-2002 budget), in the amount of $338,575 representing five months of Salaries and Fringe Benefits for Treasure Island staff.

Description: In the FY 2001-2002 budget, the Board of Supervisors appropriated and placed on reserve $406,290 for salaries and fringe benefits for Treasure Island. The amount of $406,290 represents 50 percent, or six months, of the Treasure Island Development Authority's Salaries and Fringe Benefits for 12 Special Assistant positions. At the Finance Committee meeting of December 19, 2001 (File 01-2183), the Finance Committee released one month or $67,715 for Salaries and Fringe Benefits related to these twelve positions.

Comment: As stated in the Budget Analyst's report for File 01-1818, heard by the Finance Committee on December 12, 2001, the Board of Supervisors, placed a reserve of $15,260,220 in the FY 2001-2002 budget of 36 City Departments to fund six months of salaries and fringe benefits for the period from January 1, 2002 through June 30, 2002 for 276 former Special Assistant positions included in the MCCP. The Finance Committee released one month of salaries and fringe benefits totaling $2,543,370 for the Citywide MCCP reserve, pending completion of negotiations between the City and MEA at its meeting of December 12, 2001 (File 01-1818). Subsequently, on January 30, 2002 the Finance Committee released an additional one month of salaries and fringe benefits totaling $2,543,370 for the Citywide MCCP reserve (File 02-0059).

The Budget Analyst therefore recommends the release of one month of Salaries and Fringe Benefits for the Treasure Island Development Authority positions, or $67,715, with the balance of $270,860 ($338,575 less $67,715) for four months Salaries and Fringe Benefits

remaining on reserve, to be considered in conjunction with the remaining reserve of Salaries and Fringe Benefits for the Citywide MCCP positions.

Recommendations:

1. Approve the release of $67,715, representing one month of Salaries and Fringe Benefits of the previously reserved funds of $338,575, as discussed in the Comment above.

2. Continue to reserve $270,860 pending the presentation to the Board of Supervisors of the Treasure Island Development Authority's and Department of Human Resources plan for the reclassification of non-MEA positions and the results of negotiations between the City and MEA and the completion of the review of all MCCP positions as discussed in the Comment above.

3. The Budget Analyst recommends that any future requests for release of reserves of Salaries and Fringe Benefits for the Treasure Island Development Authority positions be considered in conjunction with the request for the release of reserves of Salaries and Fringe Benefits for the Citywide MCCP positions.

Harvey M. Rose

Supervisor Peskin
Supervisor Daly
Supervisor Maxwell
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

0.25

3/02
c hearing

BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

NOTICE OF PUBLIC HEARING

FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

NOTICE IS HEREBY GIVEN to the general public that the Finance Committee will hold a public hearing on **Wednesday, February 13, 2002, at 12:30 p.m.**, in Room 263, at City Hall, at 1 Dr. Carlton B. Goodlett Place, San Francisco, California to consider the following:

File: 012137 [General Advertising Signs – Moratorium] Resolution imposing interim zoning controls to prohibit new general advertising signs, as defined in Planning Code Section 602.7, from being erected or placed on any property in the City and County of San Francisco for a twelve-month period, and making findings of consistency with the priority policies of Planning Code Section 101.1. (Supervisor Peskin)

File: 012138 [General Advertising Sign Interim Order] Resolution imposing an order prohibiting action on applications for permits for general advertising signs, as defined in San Francisco Planning Code Section 602.7, in the City and County of San Francisco, while the Board of Supervisors considers adoption of interim zoning controls governing such general advertising signs; and making a finding of consistency with the priority policies of Planning Code Section 101.1. (Supervisor Peskin)

A copy of these measures may be reviewed or obtained during normal business hours at the Clerk's Office, Board of Supervisors, Room 244, City Hall, San Francisco, CA 94102. For more information, telephone (415) 554-5184.

Persons who are unable to attend the hearing may submit written comments regarding these matters prior to the beginning of the hearing. These comments will become part of the official public record.

Gloria L. Young, Clerk of the Board

Posted: January 31, 2002

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

City and County of San Francisco
Meeting Minutes
Finance Committee

Members: Supervisors Aaron Peskin and Chris Daly

Clerk: Gail Johnson

Wednesday, February 13, 2002 **12:30 PM** **City Hall, Room 263**

Regular Meeting

Members Present: Aaron Peskin, Chris Daly, Sophie Maxwell.

MEETING CONVENED

The meeting convened at 12:43 p.m.

020077 [Lease of Real Property]

Resolution authorizing extension of a lease of real property at 617-623 Mission/101 New Montgomery Streets for the Department of Child Support Services. (Real Estate Department)

1/17/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc McDonald, Director of Property, Real Estate Division, Department of Administrative Services.

RECOMMENDED.. by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

020093 [Airport Revenue Bonds]

Resolution approving a form of Letter of Credit and Reimbursement Agreement relating to the Airport Subordinate Commercial Paper Notes; approving the issuance of up to $2,000,000,000 additional aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds for the purpose of refinancing 1991 Resolution Bonds and Subordinate Bonds of the Airport Commission; approving the time for sale of Refunding Bonds as ending March 31, 2006; approving a final maturity date of Refunding Bonds of not later than May 1, 2040; and approving certain amendments to the 1991 Master Resolution and the 1997 Master Subordinate Resolution in connection therewith. (Airport Commission)

1/16/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; John Martin; Leo Fermin, Chief Financial Manager, Airport; Nancy Wuerfel; Eileen Boken; Edward Harrington, Controller.
Question divided. Question concerning approval of $1.6 billion severed and considered separately. See File 020287.

DIVIDED.

Resolution approving a form of Letter of Credit and Reimbursement Agreement relating to the Airport Subordinate Commercial Paper Notes; approving the issuance of up to $400,000,000 additional aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds for the purpose of refinancing 1991 Resolution Bonds and Subordinate Bonds of the Airport Commission; approving the time for sale of Refunding Bonds as ending March 31, 2006; approving a final maturity date of Refunding Bonds of not later than May 1, 2040; and approving certain amendments to the 1991 Master Resolution and the 1997 Master Subordinate Resolution in connection therewith. (Airport Commission)

Amended by adding the following: "FURTHER RESOLVED, That this resolution does not provide the Airport Commission with any new or additional appropriation authority for any new or continuing projects."
AMENDED.

RECOMMENDED AS AMENDED by the following vote:
Ayes: 3 - Peskin, Daly, Maxwell

020287 **[Airport Revenue Bonds]**

Resolution approving a form of Letter of Credit and Reimbursement Agreement relating to the Airport Subordinate Commercial Paper Notes; approving the issuance of up to $1,600,000,000 additional aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds for the purpose of refinancing 1991 Resolution Bonds and Subordinate Bonds of the Airport Commission; approving the time for sale of Refunding Bonds as ending March 31, 2006; approving a final maturity date of Refunding Bonds of not later than May 1, 2040; and approving certain amendments to the 1991 Master Resolution and the 1997 Master Subordinate Resolution in connection therewith.

Divided from File 020093.

CONTINUED TO CALL OF THE CHAIR by the following vote:
Ayes: 3 - Peskin, Daly, Maxwell

020097 **[Reserved Funds, Airport Commission]**

Hearing to request release of reserved AIP grant funds, Airport Commission (File 011715: Resolution No. 826-01), in the amount of $7,125,000 to fund the FAA mandated security projects. (Airport Commission)
1/16/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; John Martin, Airport Director; Nancy Wuerfel. Release of reserved funds in amount of $7,121,813 approved.

APPROVED AND FILED by the following vote:
Ayes: 3 - Peskin, Daly, Maxwell

012282 **[2002 Water Revenue Bonds Issuance]**

Resolution approving the issuance of not to exceed $164,000,000 aggregate principal amount of San Francisco water revenue bonds to be issued by the Public Utilities Commission of the City and County of San Francisco; affirming covenants contained in the indenture pursuant to which the water revenue bonds are issued; and authorizing the taking of appropriate actions in connection therewith; and related matters. (Public Utilities Commission)

(Fiscal impact.)

12/19/01, RECEIVED AND ASSIGNED to Finance Committee.

1/30/02, AMENDED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Kingsley Okereke, Director of Finance, Public Utilities Commission; Theodore Lakey, Deputy City Attorney.
Amended on page 2, line 3, by replacing "$140,000,000" with "$164,000,000."
Continued to 2/13/02.

1/30/02, CONTINUED AS AMENDED.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Kingsley Okereke, Director of Finance, Public Utilities Commission; Karen Kubick, CIP Manager, Public Utilities Commission; Edward Harrington, Controller; Patricia Martel, General Manager, Public Utilities Commission.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

012159 **[San Francisco Water Alliance]**

Supervisor Leno

Hearing to consider the progress of the San Francisco Public Utilities Commission's contract revisions with the San Francisco Water Alliance.

12/3/01, RECEIVED AND ASSIGNED to Finance Committee. Supervisor Leno requests that this item be referred to the Finance Committee.

12/19/01, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Patricia Martel, General Manager, Public Utilities Commission; Leslie Abbott, International Federation of Professional and Technical Engineers, Local 21.

2/6/02, CONTINUED. Speakers: None,
Continued to 2/13/02.

Heard in Committee. Speakers: Patricia Martel, General Manager, Public Utilities Commission; John Oman, Bay Area Water Users; Jim Mathias, San Francisco Chamber of Commerce; David Novogrodsky, Executive Director, Local 21.

FILED by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

012137 **[General Advertising Signs - Interim Control]**

Supervisor Peskin

Resolution imposing interim zoning controls to prohibit new general advertising signs, as defined in Planning Code Section 602.7, from being erected or placed on any property in the City and County of San Francisco for a twelve-month period, and making findings of consistency with the priority policies of Planning Code Section 101.1.

12/3/01, RECEIVED AND ASSIGNED to Housing, Transportation and Land Use Committee. 12/10/01 - Transmitted to Director of Planning for environmental review.

1/28/02, TRANSFERRED to Finance Committee. 1/30/02 - Received a Certificate of Exemption/Exclusion from Environmental Review from the Planning Department dated January 23, 2002.

Heard in Committee. Speakers: Dede Wortman, San Francisco Beautiful; Brendan Hallinan, co-owner, San Francisco Wallsacpes; Dean Arbey, co-owner, San Francisco Wallsacpes.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Resolution imposing interim zoning controls establishing a requirement for conditional use authorization for general advertising signs, as defined in Planning Code Section 602.7, in the City and County of San Francisco until the date that the election results for the March 5, 2002 Consolidated Primary Election are certified, and making findings of consistency with the priority policies of Planning Code Section 101.1.

REFERRED WITHOUT RECOMMENDATION by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

012138 **[General Advertising Sign Interim Order]**

Supervisor Peskin

Resolution imposing an order prohibiting action on applications for permits for general advertising signs, as defined in San Francisco Planning Code Section 602.7, in the City and County of San Francisco, while the Board of Supervisors considers adoption of interim zoning controls governing such general advertising signs; and making a finding of consistency with the priority policies of Planning Code Section 101.1.

12/3/01, RECEIVED AND ASSIGNED to Housing, Transportation and Land Use Committee. 12/10/01 - Transmitted to Director of Planning for environmental review.

1/28/02, TRANSFERRED to Finance Committee. 1/30/02 - Received a Certificate of Exemption/Exclusion from Environmental Review from the Planning Department dated January 23, 2002.

Heard in Committee. Speakers: Dede Wortman, San Francisco Beautiful; Brendan Hallinan, co-owner, San Francisco Wallsacpes; Dean Arbey, co-owner, San Francisco Wallsacpes.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Resolution imposing an order establishing a requirement for conditional use authorization for permits for general advertising signs, as defined in San Francisco Planning Code Section 602.7, in the City and County of San Francisco, while the Board of Supervisors considers adoption of interim zoning controls governing such general advertising signs; and making a finding of consistency with the priority policies of Planning Code Section 101.1.

REFERRED WITHOUT RECOMMENDATION by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

ADJOURNMENT

The meeting adjourned at 4:07 p.m.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

February 7, 2002

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: February 13, 2002 Finance Committee Meeting

Item 1 – File 02-0077

Departments:	Department of Administrative Services, Real Estate Division (RED) Department of Child Support Services (DCSS)
Item:	Resolution authorizing an extension to an existing lease at 101 New Montgomery Street, also known as 617 through 623 Mission Street, for the Department of Child Support Services.
Location:	A portion of the ground floor plus the entire second, third and fourth floors, plus basement storage space at 101 New Montgomery Street located on the southeast corner of Mission Street and New Montgomery Street.
Purpose of Lease:	To provide space for DCSS operations.
Lessor:	Edward J. Conner and Douglas C. Moore, as Co-Trustees under The Conner Children Trust No. 2
Lessee:	City and County of San Francisco on behalf of DCSS
Term of Proposed Extension:	Five years beginning August 1, 2002 and ending July 31, 2007.
Description:	The proposed resolution would authorize the extension of an existing full service lease at 101 New Montgomery Street for a period of five years for DCSS. The lease would establish a new annual base rent of approximately $1.65 per square foot per month, or $19.79 per square foot per year (see Comment No. 1).

No. of Sq. Ft. and Rental Cost To The City:

33,998 square feet at a base rent of $56,097 per month, or approximately $1.65 per square foot per month, totaling $673,160 per year. Mr. Charlie Dunn of the RED advises that the subject lease is a full service lease in which the $1.65 per square foot base rent includes all operating costs and real estate taxes ("Operating Expenses") to be paid by the Landlord. Operating costs include but are not limited to utilities (excluding electricity – see Additional Utility Costs Section), janitorial services and supplies, and garbage disposal services; general maintenance, cleaning and service contracts; required insurance; wages, salaries and other labor costs and employee benefits for security personnel; reasonable management fees; costs of independent contractors engaged by the Landlord; and accounting and legal expenses.

The City currently pays approximately $1.44 per square foot per month, or $48,968 per month, totaling $587,620 per year, which includes $1.25 per square foot in base rent plus $0.19 per square foot for increased Operating Expenses. Under the proposed lease extension, the City would pay approximately $1.65 per square foot per month, or $56,097 per month, in base rent. Therefore, the City would pay an additional $0.21 or 14.6 percent more in rent on a per square foot per month basis (an increase from $1.44 to $1.65). According to Mr. Dunn, the City would pay an additional $0.21 per square foot per month ($1.65 less $1.44) in base rent under the terms of the proposed lease extension because the base rent of $1.65 under the proposed lease extension represents the adjustment for the Consumer Price Index (CPI) for the San Francisco Metropolitan Area since the existing lease began on March 1, 1995. This CPI adjustment is in accordance with the lease provisions. Mr. Dunn advises that the proposed 2002 base rent of $1.65 is below fair market value for comparable office space in the South of Market area. Mr. Dunn states that the fair market value is at least $2.25 per square foot. The $1.65 per square foot base rent includes all Operating Expenses except electricity costs (see Additional Utility Costs Section).

Mr. Dunn explains that the base rent of $1.65 would remain constant throughout the proposed five-year lease extension. However, beginning August 1, 2003, for years

two through five of the lease extension, the City would be obligated to pay additional rent equal to a percentage share of any increase in the lessor's Operating Expenses above what is already included in the base rent. There is no limitation as to what such additional increased costs may be charged to the City. Under the existing lease, according to Mr. Dunn, the annual increase in additional rent paid by the City has averaged $0.032 per square foot per year (see "Additional Rent" below). According to Mr. Dunn, the payment of additional rent for increased Operating Expenses is a standard provision for full service leases.

The DCSS's percentage share of the total rentable space under the proposed lease extension at 101 New Montgomery Street is approximately 59 percent, or 33,998 square feet out of a total 57,624 square feet of rentable space. Therefore, DCSS would be required to pay approximately 59 percent of any increase in Operating Expenses above what is already included in the base rent (see "Additional Rent" below).

Additional Utility Costs:

Under the provisions of the original lease agreement, which would also apply to the proposed lease extension, the City pays for electricity costs. Mr. Dunn advises that electricity costs are anticipated to total $30,000 for Fiscal Year 2002-2003, or $2,500 per month. Such costs would be included in DCSS's Fiscal Year 2002-2003 budget.

Additional Rent:

Upon the completion of the first lease extension year on July 31, 2003, the City would pay to the Landlord each month, as additional rent above the $1.65 per square foot per month base rent, one-twelth of DCSS's percentage share of approximately 59 percent of the amount, if any, by which the Operating Expenses exceed the base year Operating Expenses. For the seventh and final year of the existing lease, or August 1, 2001 through July 31, 2002, Operating Expenses are estimated at $0.44 per square foot per month, which is comprised of $0.25 as part of the original base rent and $0.19 in increased Operating Expenses above the base rent. The $0.19 per square foot per month for increased Operating Expenses has accumulated over a six-year period during the term of the original lease. The $1.65 per square foot per month base rent in the first year of the proposed lease extension

includes an estimated $0.44 per square foot per month for Operating Expenses.

Right of Renewal: None.

Tenant Improvements: None.

Source of Funds: The cost of the proposed five-year lease extension would be funded as follows: (a) 66 percent from the U.S. Department of Health and Human Services, and (b) 34 percent from the State Department of Child Support Services. Ms. Karen Roye of DCSS advises that no General Fund monies would be required for the subject lease extension. According to Ms. Roye, the Federal and State agencies are currently funding the cost of the existing lease and it is anticipated that these agencies would continue to fund the cost of the proposed extension on an annual basis. Ms. Roye advises that Federal and State funds in the amount of $666,035 will be included in the Department's Fiscal Year 2002-2003 budget for one month of the existing lease agreement and 11 months of the proposed lease extension.

Comments:

1. The term of the existing seven year and five month lease began on March 1, 1995 and expires on July 31, 2002. According to the provisions of the existing lease, the City has the option to extend the lease for an additional five-year term, beginning August 1, 2002, as proposed by this resolution.

2. The existing lease for 33,998 square feet at 101 New Montgomery Street consists of (a) 5,219 square feet on the ground floor for a receptionist, two security guards and other DCSS functions including waiting areas and a children's playroom, and (b) a total of 28,779 square feet of office space on the second, third and fourth floors for program operations. Ms. Roye advises that the DCSS currently has a total of 135 City employees occupying the 28,779 square feet of office space on the second, third and fourth floors, resulting in an average of 213 square feet per employee. According to Mr. Ken Chopping of the RED, the existing lease and proposed lease extension include basement storage space at no additional rental cost to the City.

Recommendation: Approve the proposed resolution.

Item 2 – File 02-0093

Department: Airport

Item: Resolution (a) approving a form of Letter of Credit and Reimbursement Agreement relating to the Airport Subordinate Commercial Paper Notes; (b) approving the issuance of up to $2,000,000,000 additional aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds for the purpose of refinancing 1991 Resolution Bonds and Subordinate Bonds of the Airport Commission; (c) approving the time for sale of Refunding Bonds as ending March 31, 2006; (d) approving a final maturity date of Refunding Bonds of not later than May 1, 2040; and (e) approving certain amendments to the 1991 Master Resolution and the 1997 Master Subordinate Resolution in connection therewith.

Amount: Not to exceed $2,000,000,000 in additional San Francisco International Airport Second Series Revenue Refunding Bonds.

Source of Funds: San Francisco International Airport Second Series Revenue Refunding Bonds.

Description: The proposed resolution provides for the approval of a new Letter of Credit and Reimbursement Agreement (Letter of Credit) for the Airport's Commercial Paper Program, additional Airport Refunding Bond authorization, an extension of the Airport's Refunding Bond authority and other changes to the 1991 Master Bond Authorization Resolution and the 1997 Master Subordinate Resolution. The 1991 Master Bond Authorization Resolution provided for the issuance of San Francisco International Airport Second Series Revenue Bonds (1991 Resolution Bonds). The 1997 Master Subordinate Resolution provided for the issuance of San Francisco International Airport Subordinate Revenue Bonds (Subordinate Bonds).

Letter of Credit

The proposed Resolution would authorize the Airport to enter into a new Letter of Credit with Westdeutsche

Landesbank Girozentrale and other banks[1]. The proposed Letter of Credit has a limit amount of $400,000,000. The Letter of Credit would provide security for the payment of principal and interest on up to $400,000,000 of Commercial Paper to be issued by the Airport from April 12, 2002 through March 31, 2006.

Commercial paper is a short-term financing instrument used by both corporations and municipal issuers as bridge financing until long-term financing is issued. It is used on an as-needed basis to meet short-term cash demands. Commercial Paper maturities range from one to 270 days. The term and interest rate of each Commercial Paper sale is determined on the day of the sale, and varies according to the Airport's cash needs and market conditions. According to Mr. Leo Fermin of the Airport, Commercial Paper can be used as a short-term, low-cost source of capital financing prior to the receipt of: (a) Federal monies; or (b) proceeds from the sale of long-term Revenue Bonds intended to finance capital projects. The proposed new Letter of Credit, which has a limit of $400,000,000, is the equivalent of a line of credit for the Airport's Commercial Paper Program, guaranteeing that the Commercial Paper buyers will be repaid immediately on each roll date (the maturity date for a Commercial Paper Note when it becomes due for resale at a new rate).

The Board of Supervisors previously authorized the Airport to issue up to $400,000,000 in aggregate principal amount of Airport Subordinate Commercial Paper Notes ("Commercial Paper") on June 23, 1997 (Resolution No. 620-97), secured by a Letter of Credit. Mr. Fermin advises that currently, approximately $165 million in Commercial Paper debt is outstanding. The current Letter of Credit with Societe Generale for the Commercial Paper is due to expire on April 12, 2002. Mr. Fermin further advises that in order to continue issuing Commercial Paper after April 12, 2002, a replacement Letter of Credit must be obtained. In the event that the Airport's current Letter of Credit were to expire without a new Letter of Credit,

[1] Westdeutsche Landesbank Girozentrale is the lead bank in a consortium of banks made up of: Westdeutsche Landesbank Girozentrale, Bayerische Landesbank Girozentrale, BNP Paribas, Landesbank Baden Wurttemburg, JP Morgan Chase Bank, and State Street Bank and Trust Company.

according to Mr. Fermin, the Airport would have to immediately payoff the $165 million in outstanding Commercial Paper debt at current interest rates, which may not be most favorable.

Additional Refunding Bond Authorization

Section 4.115 of the Charter grants the Airport Commission (the "Airport") the authority to issue Revenue Bonds for Airport-related purposes, subject to the approval of the Board of Supervisors. Section 2.62 of the Administrative Code provides that such Revenue Bonds shall bear a rate of interest not to exceed the interest rate approved by the Board of Supervisors in a resolution authorizing the issuance of the bonds. The Airport has set a not-to-exceed interest rate of 12 percent in accordance with State bond regulations for the subject proposed $2,000,000,000 in San Francisco International Airport Second Series Revenue Refunding Bonds (Refunding Bonds).

The proposed resolution would also authorize up to $2,000,000,000 in additional Airport Revenue Refunding Bonds for the purpose of refinancing San Francisco International Airport Second Series Revenue Bonds (1991 Resolution Bonds) and San Francisco International Airport Second Series Subordinate Revenue Bonds (Subordinate Bonds). According to Mr. Fermin, the 1991 Resolution Bonds and Subordinate Bonds to be refinanced were originally issued for: BART to the Airport construction projects, the Airport's Rental Car Facility, Noise Insulation, Near-Term Master Plan projects, and other Airport capital improvement projects. Mr. Fermin reports that under the proposed new Letter of Credit, Westdeutsche Landesbank Girozentrale requires that the Airport have refunding authority for the total amount of $400,000,000 in previously authorized Commercial Paper, which would be secured by the subject Letter of Credit. Mr. Fermin advises that the additional Refunding Bond authority in the amount of $1,600,000,000, to make up a total of $2,000,000,000, would provide the Airport with the flexibility to refinance previously issued debt in the event that interest rates become favorable such that there would be net present value savings if Refunding Bonds

were issued to refinance existing bonds. Board of Supervisors review and approval would not be required prior to any actual sale of Refunding Bonds.

Extension of Refunding Bond Authority

On July 20, 1998, the Board of Supervisors authorized the Airport to issue, from time to time, on or before December 31, 2001, up to $1,400,000,000 in Airport Revenue Refunding Bonds with a final maturity date of May 1, 2032, pursuant to Resolution No. 583-98, of which $400,000,000 was authorized to refund the maximum amount of the Airport's Commercial Paper Program previously authorized by the Board of Supervisors. The Refunding Bonds were originally intended to provide long term refinancing, if necessary or desirable, in order to effect debt service savings, by redeeming outstanding debt, including Commercial Paper debt.

Subsequently, on March 15, 1999, the Board of Supervisors authorized the extension of the Airport's Revenue Refunding Bonds authorization to April 30, 2003. The proposed resolution would extend the authorization for issuance of the Refunding Bonds for 35 months, from April 30, 2003 to March 31, 2006. Westdeutsche Landesbank Girozentrale has requested this extension as a condition of issuing the proposed new $400,000,000 Letter of Credit, which also has a term through March 31, 2006. Accordingly, the proposed resolution also provides for extending the final maturity date of Refunding Bonds from not later than May 1, 2032 to not later than May 1, 2040, the date when the Refunding Bonds must be fully redeemed.

Other Changes

The proposed resolution also approves amendments to the 1991 Master Bond Authorization Resolution and the 1997 Master Subordinate Resolution in order that these resolutions are consistent with the new proposed Letter of Credit and proposed new additional and extended Refunding Bond authorization.

Comments:

1. Attachment I, provided by the Airport, provides details on which bonds have been refunded under the current Refunding Bond authorization. According to Mr. Fermin and as shown in Attachment I, the 1991 Resolution Bonds and Subordinate Bonds refinanced under the current Refunding Bond authorization were issued for: BART to the Airport construction projects, the Airport's Rental Car Facility, Noise Insulation, Near-Term Master Plan projects, and other Airport capital improvement projects. Mr. Fermin further states that the revenue bond proceeds for the aforementioned projects were previously appropriated by the Board of Supervisors in 1992 and 1998. As shown in Attachment I, provided by Mr. Fermin, the Airport has issued $756,510,000 in Refunding Bonds, with $643,490,000 remaining under the current $1,400,000,000 Refunding Bond authorization. However, Mr. Fermin advises that the Airport is planning to exhaust the remaining $643,490,000 authorization for Refunding Bonds in February 2002, depending on market conditions.

2. According to Mr. Fermin, the average interest rate on the 1991 Resolution Bonds and Subordinate Bonds is 5.56%. Mr. Fermin further states that the current annual debt service of 1991 Resolution Bonds, Subordinate Bonds and Refunding Bonds is approximately $265,000,000 on the $4,099,410,000 in outstanding Revenue Bonds. As shown in Attachment I, refinancing under the current Refunding Bond authorization has resulted in a Net Present Value Savings of $27,958,614. Mr. Fermin reports that under the proposed Refunding Bond Authorization, the Airport would refinance current debt depending on market interest rates and the interest rates at which the original bonds were sold. Mr. Fermin advises that market conditions would have to be favorable to achieve net present value savings, but that there is no set time schedule to refinance under the proposed Refunding Bond Authorization.

3. According to Mr. Fermin, the Airport issued a Request for Proposals (RFP) to 19 firms as listed in Attachment II, provided by the Airport, for a replacement Letter of Credit, and received one proposal. Westdeutsche Landesbank Girozentrale et al, the only bank consortium

which responded to the RFP was selected by the Airport to provide the Letter of Credit. According to Mr. Fermin, the Airport received only one proposal because of the current market conditions. Attachment III, provided by the Airport, provides further details on the RFP process and costs associated with the subject Letter of Credit. According to Mr. Fermin, the total costs associated with the new Letter of Credit will depend on the amount of Commercial Paper the Airport issues. As stated in Attachment III, Mr. Fermin further advises that if the Airport utilized $200,000,000 in Commercial Paper, the total cost to the Airport would be approximately $2,200,000 annually or 1.1 percent. Ms. Monique Moyer of the Mayor's Office of Public Finance advises that the cost proposal for the Letter of Credit is reasonable and competitive in today's market.

4. According to Mr. Fermin, Westdeutsche Landesbank Girozentrale requires that the Airport have Refunding Bond authority covering the entire term of the letter of credit, from April 12, 2002, through March 31, 2006, to ensure that if the Letter of Credit is drawn upon, the Airport will be able to issue Refunding Bonds to secure the Letter of Credit. In addition, Mr. Fermin reports that the Airport is requesting changing the final maturity date of the Refunding Bonds from not later than May 1, 2032 to not later than May 1, 2040 in order to correspond with the date that the Refunding Bonds must be fully redeemed.

Recommendation: Approve the proposed resolution.

SAN FRANCISCO INTERNATIONAL AIRPORT
Current Refunding Bond Authorization
January 30, 2002

Current Authorization (A)	$1,400,000,000.00	
	Par Amount	Net Present Value Savings
Issue 20	$267,985,000.00	$19,769,213.27
Issue 27	$488,525,000.00	$8,189,400.56
Total (B)	$756,510,000.00	$27,958,613.83
Remaining Authorization (A) - (B)	$643,490,000.00	

Issue 20 Bonds Refunded

Issue	Bond Type
1	Non-Master Plan
2	Non-Master Plan
3	Non-Master Plan
4	Non-Master Plan
8B	Master Plan
9B	Master Plan
10B	Master Plan
12B	Master Plan

Issue 27 Bonds Refunded

Issue	Bond Type
8B	Master Plan
9B	Master Plan
10B	Master Plan
11	Non-Master Plan (Noise Insulatioon)
12B	Master Plan
13A	Non-Master Plan (Rental Car Facility)
16B	Master Plan
17	Non-Master Plan (BART)
19	Non-Master Plan (BART)

Source: Airport

SAN FRANCISCO INTERNATIONAL AIRPORT
NTMP AND NTMP-RELATED CONSTRUCTION PROGRAM*
As of December 10, 1999[1]
($ In Millions)

	NTMP Projects			NTMP-Related Infrastructure Projects			Total NTMP and NTMP-Related Infrastructure Projects		
	A	B	C= (A+B)	D	E	F= (D+E)	G= (A+D)	H= (B+E)	I= (C+F)
Categories	September 1996 Baseline Budget	Changes to Date[2]	Forecast to Completion	Budget	Changes to Date[3]	Forecast to Completion	Budgets	Changes to Date	Forecast to Completion
Terminals and Boarding Areas	$888	$145[4]	$1,033	$121	$6	$127	$1,009	$151	$1,160
AirTrain	451	(57)	394	111	2	113	562	(55)	507
Roadways	234	(2)	232	16	(2)	14	250	(4)	246
Utilities/Hazardous Material	217	(59)	158	2	0	2	219	(59)	160
Garages/Parking	160	(13)	147	32	(4)	28	192	(17)	175
Support Facilities	158	4	162	6	2	8	164	6	170
Security/Special Systems	132	(30)	102	8	8	16	140	(22)	118
Airfield Improvements	53	(6)	47	0	0	0	53	(6)	47
Other[5]	(60)	151	91	6	0	6	(54)	151	97
Subtotal	2,233	133	2,366	302	12	314	2,535	145	2,680
Program Management[6]	56	37	93	11	1	12	67	38	105
Management Reserve[7]	104	(104)	0	0	0	0	104	(104)	0
Unallocated Funds	0	0	0	(9)	(1)	(10)	(9)	(1)	(10)
Total	$2,393	$66	$2,459	$304	$12	$316	$2,696	$79	$2,775

(1) Does not include $184 million in NTMP-related Infrastructure Projects which currently are not being accounted for by the Airport as part of the NTMP program, including $87 million for the BART operating system and $45 million for the additional Lot DD parking garage.
(2) Certain budget reallocations have been made between NTMP project categories to reflect, among other things, changes and shifts in costs and project scope. Includes cost over runs and under-runs. See "—NTMP Program Cost Increases" below.
(3) Includes changes in project scope and cost over-runs and under-runs.
(4) Of this amount, approximately $91 million represents budget reallocations and approximately $54 million represents additional project costs. See "—NTMP Program Cost Increases" below.
(5) Includes, among other items, the Owner Controlled Insurance Program, value engineering, surveying, landscaping, art enrichment programs and program cost trends to completion.
(6) Administrative costs, originally included within each category, have been reallocated to Program Management to more accurately reflect the category costs.
(7) See also "—Near-Term Master Plan Projects—Management Reserve" above.
Source: San Francisco Airport Commission.

*NTMP=Near-Term Master Plan

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*WEST LB= Westdeutsche Landesbank Girozentrade

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Source: Airport

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VIA FAX

January 29, 2002

Ms. Sara Graham
Budget Analyst
Harvey Rose Accountancy Corp
1390 Market Street, Suite 1025
San Francisco, California 94102

Dear Ms. Graham:

I am writing in response to your request for a written explanation of the process conducted to select the Airport's proposed letter-of-Credit Provider.

By Resolution No. 01-0333, the Commission authorized Airport staff to solicit proposals from Letter of Credit ("LOC") facility providers for the Airport's Commercial Paper Program ("Program"). An RFP seeking either a $300 million or $400 million irrevocable direct pay LOC was sent to 19 banks with credit ratings of at least A-1/P1 from Moody's investors Service and Standard & Poor's Ratings Services, respectively. One proposal, which consisted of a syndicate of six banks, led by Westdeutsche Landesbank Girozentrale ("West LB") was received on November 28, 2001. Other members of the syndicate include: Bayerische Landesbank Girozentrale ('BLB'), BNP Paribas ('BNP'), Landesbank Baden Wurttemburg ('LBBW'), JPMorgan Chase Bank ('Morgan'), and State Street Bank and Trust Company ('State Street').

The Airport Commission approved entering into an agreement with the West LB syndicate as this was the only proposal received through the RFP process. Previously, the current LOC provider (Societe General) submitted a proposal for renewal, which staff rejected because of its conditions, which were not financially feasible to meet.

The Commercial Paper Program requires, as backing, a direct-pay, irrevocable letter of credit. The CP Program is an important low-cost financing mechanism that the Airport uses to fund the airfield Development Program and various capital projects

The Airport will select a term of up to 4 years and up to $400 million. To minimize the Airport's cost, the Agreement contains two separate facilities: One for the utilized Letter of Credit (75 basis points per annum) ("bppa") and one for the unutilized facility (30 bppa). Additional fees include a $250 draw fee, $2,500 per bank transfer fee (in the event the Issuing and Paying Agent changes), a flat

Ms. Sara Graham
January 29, 2002
Page 2

origination fee of 2bp, an annual Agent Fee of $30,000 and a $2,500 per bank fee for an amendment to the Agreement. Because this was the only proposal received through a competitive process, staff believes the proposed fees are competitive and reasonable.

The cost to the Airport will depend in large part on the amount of Commercial Paper the Airport issues. As an example, the total cost to utilize $200 million of the facility would be approximately $2.2 million annually.

Very truly yours,

Leo Fermin
Associate Deputy Airport Director
Business and Finance

Budgets\x\SaraGraham.doc

Item 3 - File 02-0097

Department:	Airport
Item:	Hearing to consider the release of $7,125,000 of the $8,324,790 in reserved Airport Improvement Program (AIP) grant funds for five security projects associated with new Federal Aviation Administration (FAA) mandated security requirements.
Amount:	$7,125,000
Source of Funds:	$8,324,790 in AIP grant funds previously reserved by the Board of Supervisors. Airport Commercial Paper would be used to advance funds for the projects and the AIP grant funds would reimburse the Airport's Commercial Paper Fund (see Comment No. 5).
Required Match:	$2,373,937 or 25 percent of the total security-related project costs estimated at $9,495,750 (see Comment No. 6).
Description:	In October of 2001, the Board appropriated and reserved $8,324,790 in AIP grant funds for two airport runway reconfiguration projects (File 01-1715). These grant funds were placed on reserve pending the selection of contractors and submission of budget details to the Finance Committee. The total estimated cost of the two Airport runway reconfiguration projects is $11,099,720, of which $8,324,790 or 75 percent was to be funded by the FAA from the currently reserved AIP grant funds and $2,774,930 or 25 percent in Airport matching funds was to be funded by Passenger Facility Charge (PFC) revenues placed on reserve by the Board of Supervisors in the Airport's Fiscal Year 2001-2002 budget (see Comment No. 2). According to Mr. Leo Fermin of the Airport, the AIP generally provides for the reimbursement by the FAA of up to 75 percent of the eligible costs of Airport capital improvement projects.

Due to the events of September 11, 2001, Mr. Fermin reports that the FAA is allowing the Airport to use a portion of the previously reserved AIP grant funds to pay for the security projects mandated by the Aviation and

Transportation Security Act recently approved by Congress on November 19, 2001. Therefore, instead of using the entire amount of $8,324,790 in reserved AIP grant funds for the two runway reconfiguration projects as originally intended, the Airport is requesting that $7,125,000 in such grant funds be expended for the security projects as required by the FAA.

Budget: Attachment I, provided by the Airport, is a budget for the FAA mandated security-related projects at a total cost of $9,495,750, including $7,121,813[1] or 75 percent from the subject requested previously reserved AIP grant funds and $2,373,937 or 25 percent from the Airport's Commercial Paper Fund.

Comments: 1. Attachment I contains a list of the five subject security projects, a description of each project, total estimated project costs, the FAA share of each project, the Airport's match, and the estimated start and completion dates of the projects.

2. Mr. Fermin reports that AIP grant funds totaling $8,324,790 were originally placed on reserve to fund 75 percent of the total estimated project costs of $11,099,720 for the following two airport runway reconfiguration projects: (1) preliminary engineering services to support the environmental evaluation of reconfiguring the Airport's existing four runways, and (2) environmental services to conduct field surveys and habitat studies of the potential runway reconfigurations, to identify other sites in the Bay Area to offset habitat loss from the reconfigured runways, and to prepare a Mitigation Plan for submittal to the Bay Conservation Development Commission and other regulatory agencies.

As explained in a memorandum (Attachment II), according to Mr. Fermin, because of the importance and FAA requirements for the subject security projects, the preliminary engineering studies for the runway reconfiguration projects have been placed on hold.

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[1] The Airport request of $7,125,000 is $3,187 more than the budget details of $7,121,813 submitted by the Airport.

3. As shown in Attachment I, the Airport has begun the planning portions and the architectural/engineering portions of all of the subject security projects except the Airfield Rescue Firefighting Vehicle purchase. In addition, the Airport has selected contractors through competitive bidding processes for the project pertaining to perimeter security fencing. To date, the Airport has spent \$387,646 for work done by in-house Airport staff and \$28,903 for work done by a contractor, for a total of \$416,549. Mr. Fermin reports that such expenditures have been paid for by Airport Commercial Paper Program funds and wculd be reimbursed by the subject reserved grant funds.

According to Mr. Fermin, all outside contractors have been and will be selected through a competitive bidding process. As shown in Attachment I, all of the security projects are to be completed by September of 2004.

4. Attachment III is a memorandum from Mr. Fermin further explaining the background related to these projects.

5. Mr. Fermin reports that because the subject AIP grant funds are reimbursement-based, funds from the Airport's Commercial Paper Program previously approved by the Board of Supervisors in 1997 (Resolution No. 620-97) are initially being used to pay for the projects prior to FAA reimbursement.

6. Mr. Fermin explains in a memorandum (Attachment IV) that the source of the required Airport matching funds totaling \$2,373,938 will also initially be the Commercial Paper Fund. Mr. Fermin further explains in Attachment IV "That commercial paper would eventually roll into the Airport's long-term debt and be paid as part of debt service." According to Mr. Fermin, the Airport is not able to use Passenger Facility Charge (PFC) revenues as the source of matching funds for these security-related projects because these security-related projects are not included in the FAA approved project list for use of PFC revenues.

7. Although the Airport is requesting the release of $7,125,000 for five security-related projects, the budget details submitted by the Airport to the Budget Analyst (Attachment I) for the 75 percent AIP grant funds total $7,121,813. The Budget Analyst recommends that the Board of Supervisors release only $7,121,813 or $3,187 less than the total requested amount of $7,125,000, consistent with the budget submitted by the Airport.

Recommendations:

1. Release $7,121,813 or $3,187 less than the requested amount of $7,125,000 in accordance with Comment No. 7 above. Continue to reserve $3,187.

2. Because the requested grant funds were originally to have been used to reimburse the Airport for the cost of preliminary engineering services and environmental services related to two Airport runway reconfiguration projects, and the Airport now plans to put the preliminary engineering services on hold, we consider approval of this request to be a policy matter for the Board of Supervisors. However, it should be noted that the proposed security projects are mandated by the FAA.

REVISED PROPOSAL FOR AIP 17A PROJECTS

Project Description/Purpose	Total Project Cost estimate	AIP Grant FAA's Portion of Required Funding	Local Match Airport's Portion of Required Funding	Schedule
Taxiway 'Z' bypass Create new taxiway, tentatively named Taxiway 'Z' bypass, and improve the new taxiway's surrounding drainage system, including pavement grinding, excavation, asphalt paving, CTB paving, drainage system improvements, and taxiway lighting and striping. Purpose: Construct a direct by pass for heavy long range aircraft between aircraft parking area of Plot 42 and the north and west field cargo areas, so as to cross the Airport's primary landing runways and to thereby enhance operational safety. Budget Information: Construction by 6/30 $3,600,000 A&E $180,000 Inspection/Survey $130,000 Operations $40,000 Administrative Expenses $50,000 $4,000,000	$4,000,000	$3,000,000	$1,000,000	Planning: 2/01 - 6/01 AE&I: 7/01 - 11/01 Advertise/award: 12/01 -3/02 Construction: 4/02 - 9/02 *Airport began project prior to September 11, 2001. Project now required by the FAA.
Airfield Rescue Firefighting Vehicle (ARFF) T3000 The T-3000 Triple agents, roof and bumper turret pump and drive with undercarriage that can be operated in the cab. This project replaces Mobile 41 ARFF. Purpose: This is part of the SFO Fire Dept. Apparatus Scheduled Replacement Program. This vehicle was purchased in 1988 and has exceeded the FAA estimate of a 10 year life for a front line ARFF apparatus.	$650,000	$487,500	$162,500	Advertise: 9/03 Delivery: 9/04

Project Description/Purpose	Cost estimate	AIP Grant FAA's Portion of Required Funding	Local Match Airport's Portion of Required Funding	Schedule
FACILITIES, OPERATIONS & MAINTENANCE (FOM) PERIMETER SECURITY FENCING PROJECTS Scope consists of Priority Fencing Projects to enhance security and bring existing fencing up to current security standards. Also includes installation of chain link fencing for 300 ft. standoff clear zone per FAA Mandated Emergency Amendment SCA-3. K-rail and chain link fencing installed at Lot DD, View Lot at Millbrae Ave, Chevron Tank Farm at N. Access Road, Court Yard #2, #3, DHL/Host Marriott, CNG Re- Fueling Area Trillion and others. Purpose: To enhance security fencing and upgrade priority fencing to meet current SFIA security standards. Budget Information: Construction $150,000 Contingency $15,000 AE&I $50,000 FOM Maint $145,000 $360,000	$360,000	$270,000	$90,000	Planning 12/01 – 2/02 Construction: 2/02 – 12/03 * Golden Bay Fencing and Central Fencing selected to perform this work

Project Description/Purpose	Total Project Cost estimate	AIP Grant FAA's Portion of Required Funding	Local Match Airport's Portion of Required Funding	Schedule
Domestic Terminal Blast Analysis/Window Treatment Per FAA SCA-3 Alternative Measure, perform blast analysis and vulnerability assessment of T1, T2, and T3. Provide window film and other required glazing treatments to T1 and T3 (Phase 1), and T2 (phase 2) in order to mitigate effects of explosive blast and fragmentation damage to public and structures. Glazing treatment is one of the mitigating measures required in order to obtain an alternative measure to the FAA Emergency Amendment SCA-3 dated 9/21/01 (amended 10/26/01) which mandated that SFIA provide a 300 ft. Standoff Zone in the Central Garage and Courtyards 2 and 3. Blast analysis and window glazing treatments are eligible for AIP reimbursement as per the FAA Program Guidance Letter 02-2 for Transportation Projects under AIP dated 12/10/01. Purpose: Currently, approximately 33% or 1700 parking spaces have been taken out of inventory for short-term parking use in the Central Garage. In order to justify a waiver from the FAA Emergency Amendment-SCA 3 dated September 21, 2001, SFIA is required to submit a formal request for an alternative measure accompanied by a blast assessment report. One of the alternative measures is installing window film treatments to the terminals in order to reduce the effects of blast and fragmentation. Budget Information: Construction $1,800,000 Contingency $300,000 AE&I $600,000 Professional Fees $352,000 $3,052,000	$3,052,000	$2,289,000	$763,000	Planning: 11/01 -2/02 AE&I: 3/02 - 5/02 Advertise/Award: 5/02-8/02 Construction: 9/02 -6/03

Project Description/Purpose	Total Project Cost estimate	AIP Grant FAA's Portion of Required Funding	Local Match Airport's Portion of Required Funding	Schedule
New Baggage Screening Room for 100% Explosive Device Systems (EDS) Design and construction of a new baggage screening room for 100% explosion detection baggage inspection. This new room is required to provide a turnkey 100% explosion detection baggage inspection system for the new International Terminal Complex. The current room will not accommodate the additional workstations and does not have adequate electrical and data infrastructure. The new room will have capacity for the future 100% explosion detection baggage inspection systems in the domestic terminals Purpose: The Federal Government has mandated 100% EDS by December 2002. This project provides for 100% EDS at stage 1 baggage inspection inline with the baggage conveyors. The existing Stage 3 EDS will still scan selected bags in more detail. The project includes temporary measures to allow for structural platform to support EDS equipment and conveyors, baggage conveyor modifications, EDS equipment installation, new electrical service and new baggage screening room. Budget Information: Construction $1,250,000 Contingency $93,750 Professional Design fees $100,00 $1,443,750	$1,433,750	$1,075,312	$358,437	Planning: 12-01 AE&I: 12/01 – 3/02 Construction: 3/02 – 8-03 * Bid date to be determined
Total	$9,495,750	$7,121,813	$2,373,937	

AIRPORT COMMISSION
SAN FRANCISCO INTERNATIONAL AIRPORT
CITY AND COUNTY OF SAN FRANCISCO

INTEROFFICE MEMORANDUM

TO: Anna LaForte, Budget Analyst
DATE: February 6, 2002

FROM: Leo Fermin

SUBJECT: Meeting FAA Security Mandates

As a result of September 11, 2001, the Federal Aviation Administration (FAA) has put into action a plan to enhance safety and security at all U. S. airports. In some instances the mandates that have been put in place needed to be met immediately (to resume operation of the airport), and in other instances the mandates are to be met by a certain date (to continue operation of the airport). As a business that provides service to many in the Bay Area, the Airport feels that it is essential to meet these deadlines so operations can continue in a safe and secure manner.

Many of the small capital projects that are scheduled at the Airport that are related to runway maintenance and the maintenance of the Airport Operations Area (AOA) are paid for initially with commercial paper, which is then reimbursed through the Federal Aviation Administration's Airport Improvement Program (AIP) grant awards. This allows the Airport to start such projects in a timely manner as well as schedule more projects than usual, given the 75 percent reimbursement.

As noted in previous correspondence with your office, the FAA issued a circular stating that it would allow airport operators to reprogram AIP entitlement funds to help fund the cost of the newly adopted safety and security mandates. The Airport's original request for AIP 17 included $7,125,000 in grant funds to reimburse the Runway Reconfiguration Program for preliminary engineering studies. Given the timelines set by the FAA for meeting the new mandates, the importance and ranking of the non Runway items requested in other open AIP grants (AIP 13 through AIP 17), and the Airport's decision to limit the emphasis of the Runway Reconfiguration Program to the development and completion of the Environmental Impact Report required by the State, and the Environmental Impact Statement required by the federal government, the logical choice was to postpone a portion of AIP 17 that was not absolutely critical in producing these documents.

Airport management believes that the Runway Program has developed enough scientific engineering data to prepare the two documents cited above. Additionally, Airport management is committed to obtaining reimbursements for as much of the Runway Program expenditures as possible. That is why AIP 17 included a request for preliminary engineering funds. In order to be reimbursed for such expenditures now, the Airport must rely on PFC revenue or resubmit its request for either entitlement or discretionary funds in a subsequent year. The next phases of the preliminary engineering studies have therefore been placed on hold until the Airport has a better indication of the amount of entitlement funding available to us in the future and the probability of obtaining discretionary grant funds from the FAA.

The remainder of the funds from AIP 17 that will continue to be held would be used to reimburse the Airport for expenditures related to the environmental mitigation options required by the EIR and EIS documents. However this work has proceeded with funding from commercial paper and those commercial paper funds are waiting to be reimbursed by the remaining $1,202,977 held on reserve. As the Runway Program progresses, it will be necessary to evaluate the efficacy of various environmental impact mitigation options and discuss them as part of these documents. Consequently, the Airport does anticipate requesting the release of those funds in order to obtain federal reimbursement for environmental mitigation analysis that is needed.

Should you need any further detail or explanation, please feel free to contact me.

SFO

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January 30, 2002

Ms. Anna LaForte
Budget Analyst's Office
1390 Market Street, Suite 1025
San Francisco, CA 94102

Dear Ms. LaForte,

Within the next 10 to 12 months, the Airport must meet the new mandates for security that have been imposed on all United States airports to enhance the safety and security of passengers and property. The downturn in travel and the restrictions that have been imposed by the FAA on persons visiting airports have severely impacted the generation of revenue, and thus the financial situation at all airports not just San Francisco. As a result, the opportunities to fund the new mandates are limited.

The Airport has decided to make use of the FAA's recent decision to allow airports to use AIP grant monies to provide the capital required to fund some of the new mandates. To this end, we are requesting the release of $7,125,000 from AIP 17 which was placed on reserve by the Finance Committee and subsequently, the full Board of Supervisors. The release of these funds would allow us to fund $9.5 million worth of projects in the current year. Most importantly, it will allow us to meet deadlines set by the FAA for critical items such a blast analyses, window treatments which would protect people should a blast occur and the requirement that 100 percent of the baggage passing through the airport be screened for explosive devices by December 31, 2002.

Finally, the Airport has been placed on Credit Watch with negative implications by the bond rating agencies. One factor which will add to the Airport's overall financial evaluation by the rating agencies is how well the Airport is able to manage its capital funds cash flow. Currently, the reserves placed on capital reimbursements has hindered the Airport in this area.

We respectfully request that you agree to release the funds from AIP 17 and allow the Airport to meet the prescribed mandates of the FAA, improve the FAA's level of comfort with regard to awarding grants to the Airport and allow us to move forward and participate in the FAA's discretionary grant program. Further, because the reserves are preventing reimbursements of costs that are being expended, the release of the reserves on these reimbursements will help prevent further deterioration in the Airport's capital reserves, which will be needed for on-going infrastructure work.. Work on the projects approved for reimbursement by the FAA on AIP 17 has begun. These projects are

Ms. Anna LaForte
January 30, 2002
Page 2

required by the FAA, have received necessary airline and Airport Commission approvals, and until reimbursements are received, are being funded with capital funds previously authorized and appropriated by the Board of Supervisors through the Airport's Commercial Paper Program, Airport Revenue Bonds and funding in the Annual Budget. The placing of the reserves serves no public purpose but only aggravates the Airport's financial condition which has been weakened severely by the September 11 events and the national recession.

Very truly yours,

Leo Fermin
Associate Deputy Airport Director
Business & Finance

AIRPORT COMMISSION
SAN FRANCISCO INTERNATIONAL AIRPORT
CITY AND COUNTY OF SAN FRANCISCO

INTEROFFICE MEMORANDUM

TO: Anna LaForte, Budget Analyst

DATE: February 6, 2002

FROM: Leo Fermin

SUBJECT: Airport Matching Funds for Reprogrammed AIP 17 Grant

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As noted in your report, the matching funds for the reprogrammed portion of AIP 17 total $2,373,938. The source of such funds, initially, would be commercial paper. That commercial paper would eventually roll into the Airport's long-term debt and be paid as part of debt service. As such, there is no listing of capital projects that were originally to be funded with the Airport revenues in question. No capital projects will be delayed as a result of issuing commercial paper to provide the matching funds for the reprogrammed AIP 17 grant.

Item 4 – File 01-2282

Note: The Finance Committee at its January 30, 2002 amended page two, line three of the subject resolution to correct the par value of the bonds. The Finance Committee continued the subject resolution, as amended at its January 30, 2002 meeting.

Department:	Public Utilities Commission (PUC)
Item:	Resolution authorizing the issuance of not to exceed $164,000,000 in aggregate principal amount of San Francisco Water Revenue Bonds to be issued by the PUC for the purpose of water system reliability and seismic safety improvements and Safe Drinking Water improvements; affirming covenants contained in the indenture pursuant to which the Water Revenue Bonds are issued; and, authorizing the taking of appropriate actions in connection with the issuance of the Water Revenue Bonds.
Amount:	Not to exceed $164,000,000
Source of Funds:	San Francisco Water Revenue Bonds (Water Revenue Bonds)
Description:	On November 4, 1997 San Francisco voters approved (a) Proposition A, authorizing the City to issue $157,000,000 in Water Revenue Bonds to construct reliability and seismic safety improvements to the City's water system (Systems Reliability Projects); and, (b) Proposition B,

authorizing the City to issue $147,000,000 in Water Revenue Bonds to construct safe drinking water improvements to the City's water system (Safe Drinking Water Projects). The total authorized bond amount for the two bond issues is $304,000,000. In May of 1999, the Board of Supervisors authorized the issuance of up to $140,000,000 in Water Revenue Bonds of the total voter-approved bond amount of $304,000,000 for Systems Reliability Projects and Safe Drinking Water Projects (File 99-0784). According to Ms. Ester Abenojar of the PUC, the PUC issued $140,000,000 in Water Revenue Bonds in July of 2001 (see Comment No. 1).

This proposed resolution would authorize the PUC to issue the remaining $164,000,000, out of the total voter-authorized bond amount of $304,00,000, for the purpose of (1) completing the Systems Reliability Projects and the Safe Drinking Water Projects; (2) funding debt service reserves; and, (3) paying the costs of issuance. Ms. Abenojar advises that the System Reliability Projects and the Safe Drinking Water Projects would provide the City's three water treatment facilities with upgrades to improve water quality and upgrade the water distribution system, pumping stations and treated water storage facilities for the Water Enterprise's water system. The proposed resolution would also approve the form and terms of documents and official notices related to the bond sale, and authorize City officials to take various actions necessary to carry out the sale of the bonds.

The City's authority to issue the proposed $164,000,000 in Water Revenue Bonds for the Systems Reliability Projects and the Safe Drinking Water Projects comes from Charter Section 9.107. According to Ms. Abenojar, bondholders of these Water Revenue Bonds are paid from the net revenues of the Water Enterprise. Ms. Michelle Sexton of the City Attorney's Office advises that these Water Revenue Bonds do not require the City's General Fund to repay the bonds. Ms. Sexton further advises that when the subject Water Revenue Bonds are issued, they will be tax-exempt.

The general provisions of the sale of the Water Revenue Bonds would be as follows:

- The timing of issuance of the Water Revenue Bonds will be determined by market conditions. However, the PUC anticipates issuing the Water Revenue Bonds in July of 2002.

- The Water Revenue Bonds will have a 30-year life.

- The bonds would be issued at an interest rate not to exceed eight percent.

Ms. Abenojar advises that if the bonds were issued at this time, the bonds would have an estimated interest rate of between 5 percent and 5.5 percent. As shown in Attachment I, provided by the PUC, the proposed sale of the $164,000,000 in Water Revenue Bonds, assuming an interest rate of 5.5 percent, would result in a total debt service of approximately $338,522,517 ($164,000,000 in principal payments plus $174,522,517 in interest costs) over the 30-year life of the bonds. Therefore, the average annual debt service on the Water Revenue Bonds, assuming a 5.5 percent interest rate is approximately $11,284,084 annually to be paid from the Water Enterprise's net revenues.

The following is a breakdown of the estimated sources and uses of the $164,000,000 of bond funds:

Estimated Sources of Funds	
Principal Amount of 2002 Bonds	$164,000,000
Total Sources	$164,000,000
Estimated Uses of Funds	
Deposit to 2002 Series A Project Fund	112,226,519
Deposit to 2002 Series A Refunding Fund[1]	50,149,648
Cost of Issuance[2]	1,120,353
Underwriter's Discount[3]	503,480
Total Uses	164,000,000

[1] Assumes SFPUC will issue $48 million in Commercial Paper (CP) notes to cover Feb. 2002 - July 2002 project costs. Interest rate is 1.75% for 30-day maturity in case CP interest rates rise (see Comment No. 1).
[2] 0.683% times $164,000,000. Cost of issuance includes use of a Surety Policy (see Comment No. 6)
[3] 0.307% times $164,000,000

Comments:

1. According to Ms. Abenojar, in May of 1999 the Board of Supervisors authorized the PUC to issue up to $150,000,000 in commercial paper[1] for the purpose of financing and refinancing certain capital improvements to the City's water system and for the costs of issuance and other related costs (File 98-2026). In October 2000 the Board of Supervisors authorized the PUC to expand the aggregate principal amount which could be outstanding at any one time in its commercial paper program from $150,000,000 to $250,000,000, an increase of $100,000,000 or approximately 66.7 percent (File 00-1789). According to Ms. Abenojar, under the original commercial paper resolution (File 98-2026) the PUC was authorized to issue commercial paper to fund the costs of the water system improvement projects on an interim basis until all of the $304,000,000 in voter-authorized Water Revenue Bonds are sold. Ms. Abenojar advises that in July of 1999 the PUC began issuing commercial paper to fund the Systems Reliability Projects and the Safe Drinking Water Projects.

Ms. Abenojar advises that in July of 2001 the PUC issued the previously approved Water Revenue Bonds in the amount of $140,000,000 (File 99-0784) to refund approximately $85,000,000 in commercial paper and the remaining approximately $55,000,000 was used to fund the costs of the Systems Reliability Projects and Safe Drinking Water Projects. Ms. Abenojar advises that the PUC will continue to use commercial paper to fund the Systems Reliability Projects and the Safe Drinking Water Projects until the proposed not to exceed $164,000,000 in Water Revenue Bonds are sold, which is estimated to be July of 2002, in order to take advantage of current short-term commercial paper interest rates. As of January 14, 2002, 30-day commercial paper interest rates were 1.3 percent, according to Ms. Abenojar. When bond market interest rates are favorable to the City, the PUC will issue the $164,000,000 in Water Revenue Bonds and refund any outstanding commercial paper.

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[1] Commercial paper is issued on an as-needed basis to meet short-term cash demands and can be used as a short-term, low-cost source of construction financing prior to the sale of long-term Revenue Bonds. The PUC's Commercial Paper program is not backed by General Fund Revenues and does not create any exposure to the General Fund.

2. Attachment II, provided by the PUC, is a list of the existing Systems Reliability Projects and the Safe Drinking Water Projects, including project costs. As shown in Attachment II, the total estimated cost for the Systems Reliability Projects is $156,968,550 (see Comment No. 5), and the total estimated cost for the Safe Drinking Water Projects is $147,000,000. Therefore, the total cost for both the Systems Reliability Projects and Safe Drinking Water Projects is $303,968,550. Those total costs are funded from the total voter-authorized bond amount of $304,000,000, of which $140,000,000 was issued by the PUC in July of 2001 and $164,000,000 would be issued by the PUC in July of 2002 if this proposed resolution is approved.

3. Ms. Abenojar advises that the PUC began the subject Systems Reliability Projects and the Safe Drinking Water Projects in July of 1999 and the completion date for the projects vary, depending on the project. As of December 31, 2001, the PUC has expended approximately $71,178,508 on the Systems Reliability Projects and approximately $43,059,742 on the Safe Drinking Water Projects for total expenditures of $114,238,250. Attachment III, provided by the PUC, contains actual expenditures, by project, to date, as well as estimated project completion dates.

4. According to Ms. Abenojar, the amount appropriated for the Systems Reliability Projects and the Safe Drinking Water Projects is as follows: FY 1999-2000, $126,099,850; FY 2000-2001, $100,232,700; and, FY 2001-2002, $77,636,000, for a total appropriation of $303,968,550. The remaining revenue bond fund proceeds in the amount of $31,450 ($304,000,000 less $303,968,550) will be included in the Water Department's FY 2002-2003 budget request, according to Mr. Carlos Jacobo of the PUC. Mr. Jacobo advises that the prior appropriation of $303,968,550 for the Systems Reliability Projects and the Safe Drinking Water Projects was from commercial paper proceeds previously approved by the Board of Supervisors, which are reimbursed when the voter-approved Water Revenue Bonds are sold. As noted above, as of December 31, 2001, approximately $114,238,250 of the previously

authorized $140,000,000 Water Revenue Bond proceeds has been expended.

5. According to Ms. Abenojar, the total estimated cost of the Systems Reliability Projects is $156,968,550, which is $31,450 less than the voter-approved bond amount of $157,000,000 ($157,000,000 less total project costs of $156,968,550). Ms. Abenojar advises that the total estimated cost of the Safe Drinking Water Projects is $147,000,000. Ms. Abenojar advises that the $31,450 would be allocated to the costs of the Water Revenue Bond issuance, which is estimated to be $1,120,353, and any unspent revenue bond funds and related interest earnings would be allocated to capital improvement projects consistent with the purposes approved by the San Francisco voters in 1997.

6. Ms. Abenojar advises that the Debt Service Reserve Fund is estimated to be approximately $5,642,042, or half of the maximum annual debt service payment of approximately $11,284,084. Typically, a Debt Service Reserve Fund is funded from the bond proceeds. However, Ms. Abenojar advises that, if it is economical, the PUC may fund the Debt Service Reserve Fund by obtaining a Surety Policy for the proposed Water Revenue Bonds. A Surety Policy is similar to an insurance policy and is used in lieu of a Debt Service Reserve Fund. The Surety Policy amount would be equal to the Debt Service Reserve Fund requirement of an estimated $5,642,042. A Surety Policy on the Water Revenue Bonds would cost approximately 1.68 percent of the amount of the Debt Service Reserve Fund amount of $5,642,042, or $94,786, which would be funded from the bond proceeds. Ms. Abenojar advises that the estimated sources and uses of the $164,000,000 of bond funds, provided in the table above, assumes that the PUC would obtain a Surety Policy and such costs are included in the estimated cost of issuance of $1,120,353. However, according to Ms. Abenojar, as of the writing of this report, the PUC has not yet determined whether a cash Debt Service Reserve Fund will be utilized or whether a Surety Policy will be obtained and, as of the writing of this report, she is uncertain as to the precise amount of savings which

would result by using a Surety Policy instead of a Debt Service Reserve Fund. However, such savings, if realized, would be used for capital improvement projects.

7. This subject resolution also authorizes taking future actions in connection with the Water Revenue Bonds, such as obtaining a bond rating for the Water Revenue Bonds, obtaining bond insurance and obtaining a Surety Policy if such a policy is in the best interest of the City.

8. At its January 30, 2002 meeting, the Finance Committee requested the PUC to provide the Committee with an appropriation history for the Proposition A (Systems Reliability Projects) and Proposition B (Safe Drinking Water Projects) Water Revenue Bonds and the associated funding sources, including commercial paper, and how projects funded by Proposition A and B funds relate to the proposed PUC Capital Improvement Program ("CIP"). Attachment IV is a memo from Mr. Kingsley Okereke of the PUC, which includes a spreadsheet with the appropriation history for the Proposition A and B Water Revenue Bonds from FY 1999-2000 through FY 2001-2002 and the associated funding sources. As shown in Attachment IV, the appropriation and related funding sources for the Proposition A and B projects are as follows:

	Proposition A	Proposition B	Totals	Funding Sources
FY 1999-2000	$67,266,700	$58,833,150	$126,099,850	Bonds
FY 2000-2001	64,796,700	35,436,000	100,232,700	Commercial Paper
FY 2001-2002	24,905,150	52,730,850	77,636,000	Commercial Paper
	$156,968,550	$147,000,000	$303,968,550	

In Attachment IV Mr. Okereke advises that while the Annual Appropriation Ordinance for FY 1999-2000 indicated that the ultimate funding source for Proposition A and B projects was Water Revenue Bonds, the PUC actually used commercial paper to initially fund these projects. Mr. Okereke states that in May of 1999, the Board of Supervisors authorized the PUC to use commercial paper to fund these projects for an interim

period in-lieu of the Water Revenue Bonds (File 98-2026). As noted above, the PUC will continue to use commercial paper to fund these projects until the PUC issues the subject $164,000,000 in Water Revenue Bonds.

Recommendation: Approve the proposed resolution.

Harvey M. Rose

cc: Supervisor Peskin
Supervisor Daly
Supervisor Maxwell
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

Debt Service Schedule for $164M Bonds[1]

FY	Principal	Interest	Payment	Paid Principal	Remaining Principal
2002	164,000,000.00	0.00			164,000,000.00
2003	164,000,000.00	9,020,000.00	11,284,083.91	2,264,083.91	161,735,916.09
2004	161,735,916.09	8,895,475.39	11,284,083.91	2,388,608.52	159,347,307.57
2005	159,347,307.57	8,764,101.92	11,284,083.91	2,519,981.99	156,827,325.58
2006	156,827,325.58	8,625,502.91	11,284,083.91	2,658,581.00	154,168,744.58
2007	154,168,744.58	8,479,280.95	11,284,083.91	2,804,802.96	151,363,941.62
2008	151,363,941.62	8,325,016.79	11,284,083.91	2,959,067.12	148,404,874.50
2009	148,404,874.50	8,162,268.10	11,284,083.91	3,121,815.81	145,283,058.70
2010	145,283,058.70	7,990,568.23	11,284,083.91	3,293,515.68	141,989,543.02
2011	141,989,543.02	7,809,424.87	11,284,083.91	3,474,659.04	138,514,883.97
2012	138,514,883.97	7,618,318.62	11,284,083.91	3,665,765.29	134,849,118.69
2013	134,849,118.69	7,416,701.53	11,284,083.91	3,867,382.38	130,981,736.31
2014	130,981,736.31	7,203,995.50	11,284,083.91	4,080,088.41	126,901,647.90
2015	126,901,647.90	6,979,590.63	11,284,083.91	4,304,493.27	122,597,154.62
2016	122,597,154.62	6,742,843.50	11,284,083.91	4,541,240.40	118,055,914.22
2017	118,055,914.22	6,493,075.28	11,284,083.91	4,791,008.63	113,264,905.59
2018	113,264,905.59	6,229,569.81	11,284,083.91	5,054,514.10	108,210,391.49
2019	108,210,391.49	5,951,571.53	11,284,083.91	5,332,512.38	102,877,879.12
2020	102,877,879.12	5,658,283.35	11,284,083.91	5,625,800.56	97,252,078.56
2021	97,252,078.56	5,348,864.32	11,284,083.91	5,935,219.59	91,316,858.98
2022	91,316,858.98	5,022,427.24	11,284,083.91	6,261,656.66	85,055,202.31
2023	85,055,202.31	4,678,036.13	11,284,083.91	6,606,047.78	78,449,154.53
2024	78,449,154.53	4,314,703.50	11,284,083.91	6,969,380.41	71,479,774.12
2025	71,479,774.12	3,931,387.58	11,284,083.91	7,352,696.33	64,127,077.79
2026	64,127,077.79	3,526,989.28	11,284,083.91	7,757,094.63	56,369,983.16
2027	56,369,983.16	3,100,349.07	11,284,083.91	8,183,734.83	48,186,248.33
2028	48,186,248.33	2,650,243.66	11,284,083.91	8,633,840.25	39,552,408.08
2029	39,552,408.08	2,175,382.44	11,284,083.91	9,108,701.46	30,443,706.62
2030	30,443,706.62	1,674,403.86	11,284,083.91	9,609,680.04	20,834,026.58
2031	20,834,026.58	1,145,871.46	11,284,083.91	10,138,212.45	10,695,814.13
2032	10,695,814.13	588,269.78	11,284,083.91	10,695,814.13	0.00
2033	**Total**	**174,522,517.22**	**338,522,517.22**	**164,000,000.00**	

Bond Amount	164,000,000.00
Interest	0.055
Term	30
Annual Payment	$11,284,083.91
Debt Service Reserve Fund	$5,642,041.95
Estimated Surety Policy Cost	$94,786.30

[1] This schedule outlines indicative numbers. Actual interest rate and term may be different at the time of Issuance.

Source: Public Utilities Commission

Attachment II

Prop A and B Project List and Appropiations

FAMIS Project	Title	TOTAL
1997 A Water Revenue Bond Projects		
CUW125	Bay Division Pipeline - Seismic Upgrade at Hayward Fault	7,779,150
CUW126	Pulgas Valve Lot	426,700
CUW127	SCADA System	18,039,000
CUW131	SF Water Department - Intertie	8,368,300
CUW135	New Line & By Pass Valves	3,443,000
CUW165	Equipment Anchorage	3,039,500
CUW183	Palo Alto Redundant Connect	500,000
CUW191	Fire/Security Upgrades	2,572,000
CUW198	Stone Dam Rehabilitation	242,000
CUW202	Replace Prestressed Pipe (Crystal Springs Bypass)	10,732,500
CUW226	Bay Division Pipeline Recoating (at Newark)	500,000
CUW602	New Water Services/Meters	5,944,250
CUW603	Relocate/Realign Services	578,800
CUW624	Reservoir Roof Seismic Upgrade (University Mound rehabilitation)	16,000,000
CUW628	S.F. Reservoir/ Tank Rehabilitation	12,500,000
CUW651	Pump Station Upgrades	7,600,000
CUW653	Stand by Generators	2,750,000
CUW654	Seismic Upgrade North Basin (all Sunset Reservoir rehabilitation)	6,700,000
CUW657	Balboa/Francisco (Balboa Reservoir)	300,000
CUW663	Key Motorized Valves	2,100,000
CUW666	Clarendon Pump Station	4,000,000
CUW672	Sutro Reservoir	5,000,000
CUW860	Relocate/Realign Mains	580,500
CUW870	Water Main Replacement	28,000,000
CUW797	Commercial Paper - Admin/Interest Expense	5,117,700
	Bond Finacing Costs (including Reserve Fund)	4,155,150
	Total	156,968,550

FAMIS Project	Title	
1997 B Water Revenue Bond Projects		
CUW134	Sunol Valley Water Treatment Plant Fast Tracks	2,068,550
CUW143	Hetch Hetchy Water Treatment (chloramination)	38,383,000
CUW186	Sunol Valley Water Treatment Plant Improvement Project	59,481,000
CUW206	Tesla Portal/Thomas Shaft	5,253,600
CUW218	Harry Tracy Improvements	10,000,000
CUW222	Water Quality Compliance Improvements	1,209,000
CUW223	Distribution System Water Quality Improvement	850,000
CUW230	Millbrae Lab Improvements	400,000
CUW234	Harry Tracy Water Treatment Plant Short Term Improvement (filter to waste)	2,420,000
CUW236	Water Quality Monitoring (Tesla)	350,000
CUW632	Sutro Reservoir - Inlet/Outlet	17,167,000
CUW668	Other Reservoirs - Inlet/Outlet	5,000,000
CUW797	Commercial Paper - Admin/Interest Expense	625,000
	Bond Financing Costs (including Reserve fund)	3,792,850
	Total	147,000,000

Source: Public Utilities Commission

Prop. A and B Spending to Date

		Act FY 99-00	Act FY 00-01	Act FY 01-02[1]	Act FY 01-02[2]	Total	Estimated Construction Completed[3]
	Proposition A Projects	14,912,211	42,687,530	3,500,264	10,078,503	71,178,508	
	Proposition B Projects	4,799,735	15,183,554	3,916,706	19,159,747	43,059,742	
	Total	$ 19,711,946	$ 57,871,084	$ 7,416,970	$ 29,238,250	$ 114,238,250	
	Proposition A Projects						
CUW125	Bay Division Pipeline - Seismic Upgrade at Hayward Fault	205,107	472,144	79,067	1,133,135	1,889,453	Jun-02
CUW126	Pulgas Valve Lot						Jan-02
CUW127	SCADA System	4,160,167	8,665,414	75,259	1,405,780	12,306,620	Apr-02
CUW131	SF Water Department - Intertie	696,939	6,773,787	332,225	817,947	8,620,898	Jan-02
CUW135	New Line & By Pass Valves	327,869	536,233	173,023	142,379	1,179,504	To Be Determined
CUW165	Equipment Anchorage	281,912	1,070,658	304,617	128,058	1,783,245	Dec-02
CUW183	Palo Alto Redundant Connect				6,923	6,923	Jan-03
CUW191	Fire/Security Upgrades	71,186	1,006,173	1,305	12,413	1,091,077	Mar-02
CUW198	Stone Dam Rehabilitation						To Be Determined
CUW202	Replace Prestressed Pipe (Crystal Springs Bypass)	452,091	425,840	26,947	154,611	1,059,489	Nov-05
CUW226	Bay Division Pipeline Recoating (at Newark)	45,853	35,806			81,659	To Be Determined
CUW602	New Water Services/Meters	2,133,455	2,489,677	327,358	809,329	5,739,819	Ongoing
CUW603	Relocate/Realign Services	33,607	99,425	826	2,018	135,874	Ongoing
CUW624	Reservoir Roof Seismic Upgrade (University Mound rehabilitation)	157,558	4,769,180	585,691	2,170,615	7,683,044	To Be Determined
CUW628	S.F. Reservoir/ Tank Rehabilitation	59,523	1,952,282	21,923	118,915	2,152,643	Feb-04
CUW651	Pump Station Upgrades	236,597	444,049	43,500	55,241	779,387	Nov-04
CUW653	Stand by Generators		929,919			929,919	Nov-04
CUW654	Seismic Upgrade North Basin (all Sunset Reservoir rehabilitation)		394,376	30,498	162,699	587,573	To Be Determined
CUW657	Balboa/Francisco (Balboa Reservoir)	35,267	89,822			125,089	To Be Determined
CUW663	Key Motorized Valves	243,368	380,565	125,249	264,872	1,014,054	Apr-03
CUW666	Clarendon Pump Station	252,263	3,347,952	-30,347	280,669	3,850,537	Jan-02
CUW672	Sutro Reservoir	488,412	1,828,451	490,578	589,228	3,394,667	Feb-04
CUW797	Commercial Paper - Admin/Interest Expense Bond Financing Costs (including Reserve Fund)	961,550	1,875,888	115,500	189,818	3,142,756	
CUW860	Relocate/Realign Mains	17,466	144,055	7,324	4,615	173,460	Ongoing
CUW870	Water Main Replacement	4,052,021	6,977,834	789,721	1,631,242	13,450,818	Ongoing
		$ 14,912,211	$ 42,687,530	$ 3,500,264	$ 10,078,503	$ 71,178,508	
	Proposition B Projects						
CUW134	Sunol Valley Water Treatment Plant Fast Tracks		1,462,482	203,353	1,263,381	2,929,196	May-02
CUW143	Hetch Hetchy Water Treatment (chloramination)	314,159	2,869,090	907,344	1,673,625	5,764,218	Apr-04
CUW186	Sunol Valley Water Treatment Plant Improvement Project	3,566,089	5,974,853	2,663,940	13,417,544	25,622,426	Dec-02
CUW206	Tesla Portal/Thomas Shaft		657,575	18,144	117,282	793,001	Apr-03
CUW218	Harry Tracy Improvements		192,492	34,943	2,588,747	2,816,182	Jun-02
CUW222	Water Quality Compliance Improv.	64,960	471,075	18,635	53,707	608,377	Dec-03
CUW223	Distribution System Water Quality Improvement						Aug-03
CUW230	Millbrae Lab Improvements						Dec-02
CUW234	Harry Tracy Water Treatment Plant Short Term Improvement (filter to waste)		500	838	2,674	4,012	Oct-02
CUW236	Water Quality Monitoring (Tesla)						Aug-03
CUW632	Sutro Reservoir - Inlet/Outlet	460,957	1,918,833	45,260	18,844	2,443,894	Feb-04
CUW668	Other Reservoirs - Inlet/Outlet	393,570	1,636,654	24,248	23,964	2,078,436	To Be Determined
		$ 4,799,735	$ 15,183,554	$ 3,916,706	$ 19,159,747	$ 43,059,742	

[1] Funding for Propositions A&B for FY00, FY01, and part of FY02 came from Commercial Paper Notes.

[2] Funding for Propositions A&B for FY02 comes from bond proceeds.
Actual spending through Dec. 31, 2001.

[3] Information from Utilities Engineering Bureau

Source: Public Utilities Commission

SFPUC
WATER
HETCH HETCHY WATER & POWER
CLEAN WATER

**San Francisco
Public Utilities Commission**

SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO

MEMORANDUM

DATE:	FEBRUARY 4, 2002
TO:	HONORABLE AARON PESKIN, CHAIRMAN, FINANCE COMMITTEE HONORABLE CHRIS DALY HONORABLE SOPHIE MAXWELL HARVEY ROSE, BOARD OF SUPERVISORS BUDGET ANALYST
CC:	PATRICIA MARTEL, GENERAL MANAGER, SFPUC BILL BERRY, AGM FOR FINANCE & ADMINISTRATION, SFPUC GLORIA YOUNG, CLERK OF THE BOARD
FROM:	KINGSLEY OKEREKE, DIRECTOR OF FINANCE, SFPUC
SUBJECT:	**FINANCE COMMITTEE QUESTIONS REGARDING PROPOSITION A&B BONDS**

This memorandum is intended to respond to Committee questions regarding the history of appropriations and the associated funding sources for the 1997 Proposition A&B projects, and how projects funded by Proposition A&B funds relate to the proposed SFPUC Capital Improvement Program ("CIP").

Proposition A&B Appropriation History

Attached to this memorandum is a detailed spreadsheet (Schedule A) providing a historical view of all appropriations relating to the 1997 Proposition A&B projects. Additionally, the Final Consolidated Budget and Annual Appropriation cover page and the pages relevant to the 1997 Proposition A&B projects are attached for the particular fiscal year as references.

The following chronology describes the SFPUC's appropriations and financing actions with respect to the Proposition A&B Bonds:

- **May 1999**: The Board of Supervisors ("Board") authorized $150 million Commercial Paper program and $140 million Water Revenue Bonds. The SFPUC indicated it would initially use Commercial Paper ("CP") to fund projects authorized by Proposition A & B, but that the Bonds would be issued to take out CP before the $150 million authorized amount was reached. This permitted the SFPUC to issue CP as needed to pay expenditures, providing flexibility and lower interest rates.
- **FY 1999-2000**: The FY 2000 Budget authorized by the Board appropriated approximately $126 million for Proposition A&B projects ($67 million and $59 million for A and B projects, respectively). While the Ordinances indicated revenue bonds would be the ultimate funding source for these projects, as indicated above, the SFPUC used CP to fund initial expenditures.
- **FY2000-2001**: The FY 2001 budget approved by the Board appropriated approximately $100 million for Proposition A&B funded projects ($65 million and $35 million for A and B projects, respectively). Consistent with the funding plan outlined above, Ordinance 180-00 indicated that funding for the projects would come from

the CP program. Total appropriations for A&B Projects now totaled approximately $226 million. To provide additional funding for these projects, the SFPUC requested, and the Board approved, an expansion of the CP Program from $150 million to $250 million. This allowed SFPUC to continue funding the approved projects with CP proceeds until such time as Bonds were issued. For reference, resolutions authorizing and expanding the CP program are attached to this memorandum.

- **FY2001-2002:** Approximately $78 million was appropriated for additional A&B projects in the FY 2002 budget approved by the Board ($25 million and $53 million for A and B projects, respectively). Attached Ordinance 170-01 provided that funding for the project appropriations for the current fiscal year would be from the CP program. With approval of this budget, the Board has appropriated virtually all of the $304 million intended to be supported by Proposition A&B Bonds. Except for projects funded by revenue, no additional projects can be undertaken without approval of additional revenue bonds.
- **July 2001:** The SFPUC sold $140 million of Proposition A&B Water Revenue Bonds. About $85 million of the proceeds were used to refund outstanding CP notes. The remaining $55 million was used toward payment of the bond related issuance costs, and to continue funding the proposition A&B projects.

It should be noted that the CP and the Revenue Bonds share the same legal authorization — Proposition A&B. The total outstanding obligation of Bonds and CP combined cannot exceed the voter authorized bond limit of $304 million. $140 million of Proposition A&B Revenue Bonds have been issued. While there are no CP notes currently outstanding, the CP program continues to provide funding support for the approximately $164 million in Proposition A&B projects beyond the $140 million in Bonds that have been issued. Based on current pace of work and expenditures on the projects in progress, the SFPUC expects to begin issuing additional CP notes beginning in March or April 2002.

The SFPUC is requesting the Board authorization to issue the remaining $164 million of voter-approved Proposition A&B Bonds. When issued, the proceeds of this bond issue, after payment of issuance costs, will be used first to retire all CP then-outstanding, and the remainder applied toward the approved proposition A&B projects.

Relationship Of Proposition A&B Projects to Proposed SFPUC CIP

There are significant connections between the projects being undertaken pursuant to Proposition A&B and the proposed CIP. Proposition A&B bonding capacity was approved by the San Francisco voters for projects in two areas — Proposition A authorized bonding to fund reliability and seismic safety improvements projects, while Proposition B provided funding for water quality improvement projects. While the voters approved $304 million in bond funding, the actual need for capital project spending for the Water Enterprise was approximately $2.4 billion at that time.

The proposed CIP identifies additional projects the SFPUC proposes to construct during the next ten year period. While a small portion of the cost estimates contained in the proposed CIP are intended to complete projects whose planning or design has been initiated with A&B funds, they largely consists of projects which the SFPUC believes are of critical importance, but for which funds are not currently available. Many of these projects were included in the SFPUC's planning prior to the voter authorization of Propositions A&B, but there are also newly identified projects intended to reduce risk, increase system reliability or meet other important needs.

Please contact Kingsley Okereke at 415-487-5256 or e-mail kokereke@puc.sf.ca.us if you have any question.

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APPROPRIATION HISTORY
PROPOSITION A B BONDS

Schedule A

Project Title	Project #	FY 2000 1998A	FY 2000 1998B	FY 2001 1998A	FY 2001 1998B	FY 2002 1998A	FY 2002 1998B	Total
Millbrae Lab Capital Improvements	CUW231						400,000	400,000
SUBURBAN BUILDING	*CUW900*	*0*	*0*	*0*	*0*	*0*	*400,000*	*400,000*
Stone Dam Rehabilitation	CUW198	121,000		121,000				242,000
SUBURBAN DAM	*CUW902*	*121,000*		*121,000*	*0*	*0*	*0*	*242,000*
Supervisory Control and Data Acquisition (SCADA) System	CUW127	13,639,000		4,400,000				18,039,000
Water Quality Compliance Improvements	CUW222		400,000					400,000
SUBURBAN OTHER	*CUW903*	*13,639,000*	*400,000*	*4,400,000*	*0*	*0*	*0*	*18,439,000*
City District System, Water Quality Improvements	CUW222				850,000			
Commercial Paper Program	CUW797					250,000	250,000	500,000
Bond Financing Costs	CUW797			3,742,700		4,155,150	3,792,850	11,690,700
CITY OTHER FACILITIES	*CUW904*	*0*	*0*	*3,742,700*	*850,000*	*4,405,150*	*4,042,850*	*13,040,700*
Bay Division Pipeline (BDPL) Seismic	CUW125	6,779,150		1,000,000				7,779,150
BDPL Recoating	CUW226	1,626,700						1,626,700
Replace Prestressed	CUW202	5,657,500		5,500,000				11,157,500
New Line & By Pass	CUW135	1,200,000		743,000		1,500,000		3,443,000
Palo Alto Pipeline Redundant	CUW183					500,000		
SF Water Department - Intertie	CUW131	5,368,300		3,000,000				8,368,300
SUBURBAN PIPELINE	*CUW905*	*20,631,650*	*0*	*10,243,000*	*0*	*2,000,000*	*0*	*32,874,650*
Renew Water Services	CUW602	2,894,250		3,050,000				5,944,250
Relocate and Realign Water Service	CUW603	223,800		355,000				578,800
Key Motorized Valves	CUW663	1,800,000		300,000				2,100,000
Relocate and Realign Water Mains	CUW860	160,500		420,000				580,500
Distribution Main Replacement	CUW870	10,250,000		10,250,000		8,500,000		29,000,000
CITY PIPELINES	*CUW906*	*15,328,550*	*0*	*14,375,000*	*0*	*8,500,000*	*0*	*38,203,550*
Pump Station Upgrades	CUW651	600,000		7,000,000				7,600,000
Stand-by Generations for Pump Station	CUW653	1,000,000		1,750,000				2,750,000
Clarendon	CUW666	4,000,000						
CITY PUMP STATION	*CUW908*	*5,600,000*	*0*	*8,750,000*	*0*	*0*	*0*	*14,350,000*
Tank Rehabilitation/Seismic Upgrades	CUW624	2,500,000		9,500,000		2,000,000		14,000,000
University Mound Reservoir Upgrade	CUW624					4,000,000		4,000,000
Reservoir Rehab/Seismic Upgrade	CUW628	1,500,000		4,000,000		4,000,000		9,500,000
Sutro Reservoir, New Inlet	CUW632		1,967,000		7,000,000		8,200,000	17,167,000
Balboa/Francisco	CUW657	300,000						
Seismic Upgrade Sunset Receiver	CUW654	1,200,000		5,500,000				6,700,000
Modify Inlet/Outlet	CUW668		2,000,000					
Other City Reservoirs, Inlet/Outlet	CUW668				3,000,000			3,000,000
Sutro Reservoir Erosion/Safety	CUW672	4,000,000		1,000,000				5,000,000
CITY RESERVOIRS	*CUW909*	*9,500,000*	*3,967,000*	*20,000,000*	*10,000,000*	*10,000,000*	*8,200,000*	*61,667,000*
Sunol Valley Water Treatment Plant (SVWTP) Fast Track Tasks	CUW134		362,550		1,706,000			2,066,550
Chloramination Project	CUW143		12,500,000				32,618,000	45,118,000
Equipment Seismic Anchorage	CUW165	1,039,500		2,000,000				3,039,500
SVWTP Improvement Project	CUW186		35,200,000		13,900,000		3,000,000	52,100,000
Fire&Security-Treatment Facility.	CUW191	1,407,000		1,165,000				2,572,000
Tesla Portal/Thomas Shaft	CUW206		1,403,600		2,850,000		1,000,000	5,253,600
Harry Tracy Water Treatment Plant (HTWTP) Improvements-Sludge	CUW218		5,000,000		3,000,000		2,000,000	10,000,000
HTWTP Short-Term Improvements	CUW218				1,800,000			1,800,000
HTWTP Long-Term Improvements	CUW218				100,000			100,000
Water Quality Compliance Improvements.	CUW222				1,230,000			1,230,000
HTWTP Short-Term Improvements	CUW234						1,120,000	1,120,000
Water Quality Monitoring (Tesla)	CUW236						350,000	350,000
SUBURBAN TREATMENT FACILITY	*CUW910*	*2,446,500*	*54,466,150*	*3,165,000*	*24,586,000*	*0*	*40,088,000*	*124,751,650*
Total		**$67,266,700**	**$58,833,150**	**$64,796,700**	**$35,436,000**	**$24,905,150**	**$52,730,850**	**$303,968,550**
Funding Source Per Appropriation Ordinance		Bonds	Bonds	Comm. Paper	Comm. Paper	Comm. Paper	Comm. Paper	

City and County of San Francisco
Meeting Minutes
Finance Committee

Members: Supervisors Aaron Peskin and Chris Daly

Clerk: Gail Johnson

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA
94102-4689

Wednesday, February 20, 2002 **12:30 PM** **City Hall, Room 263**

Regular Meeting

Members Present: Aaron Peskin, Chris Daly, Sophie Maxwell.

MEETING CONVENED

The meeting convened at 12:35 p.m.

020140 **[Reserved Funds, Public Library]**

Hearing to request release of reserved funds, Public Library (File 010551, Ordinance No. 76-01), in the amount of $50,000 to fund the contract for signage design at the Main Library. (Public Library)

2/5/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Susan Hildreth, City Librarian.
Release of reserved funds in the amount of $50,000 approved.

APPROVED AND FILED by the following vote:

Ayes: 2 - Peskin, Maxwell
Absent: 1 - Daly

020189 **[Supplemental Appropriation, Department of Public Works]**

Supervisor Ammiano

Ordinance reappropriating $500,000 from the Third Street Light Rail Project and $2,295,000 from the Taraval Street Resurfacing Project for a total of $2,795,000 to various street resurfacing projects in Districts 4 and 7, $1,295,000, and the Rivera/Santiago Street resurfacing project, $1,500,000, for the Department of Public Works for fiscal year 2001-02.

(Fiscal impact.)

2/4/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Theresa Burke, Department of Public Works.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Ordinance reappropriating $500,000 from the Third Street Light Rail Street Resurfacing Project to Various Street Treatment Projects in Districts 4 and 7 to be spent by the end of fiscal year 2001-02 and reappropriating $2,295,000 from the Taraval Street Resurfacing Project to Various Street Resurfacing Projects to be identified in consultation with the San Francisco County Transportation Authority to be spent by the end of fiscal year 2002-03 for a total of $2,795,000 for the Department of Public Works.

(Fiscal impact.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

ADJOURNMENT

The meeting adjourned at 1:05 p.m.

0.25
20/02

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

February 14, 2002

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: February 20, 2002 Finance Committee Meeting

Item 1 - File 02-0140

Department: San Francisco Public Library (SFPL)

Item: Hearing to consider the release of reserved funds for the San Francisco Public Library in the amount of $50,000 for the Signage Design Project at the Main Library.

Amount: $50,000

Source of Funds: Library Improvement Bond Funds[1]

Description: The proposed request from the Public Library is to release $50,000 previously reserved by the Board of Supervisors for the Signage Design Project at the Main Library. The funds for this project, totaling $50,000, were placed on reserve by the Finance Committee at its meeting of April 25, 2001, pending selection of a consultant and submission of budget details, including hours and hourly rates (File 01-0551).

[1] The Library Improvement Bond Fund monies are from the voter-approved 1988 Library Improvement Bond for $109,527,000.

The subject Signage Design Project is a Main Library building improvement project recommended in the Post Occupancy Evaluation (POE) report (see Comment No. 1) of the Main Library. The POE found that the signage at the Main Library was inadequate, which inhibits the public's access to materials and services and increases the public's reliance on the staff for basic directions to the materials and services available at the Main Library. The POE recommended that a signage consultant be hired to develop a signage system that would mitigate existing signage problems.

According to Mr. George Nichols from the Public Library, the Public Library and the Bureau of Architecture issued a Request for Proposals (RFP) on October 23, 2001 for the subject Signage Design Project and selected Kate Keating Associates on January 18, 2002 to design the Main Library's signage system (see Comment No. 2). In Attachment I, provided by the Public Library, Mr. Nichols reports that the signage design consultant would design the signage system only and a separate competitive bid would be held to select the vendor to manufacture and install the signs (see Comment No. 4). Mr. Nichols advises that the signage design consultant would be responsible for (a) Programming and Schematic Design, which evaluates existing signage, reviews current Americans with Disabilities (ADA) requirements and presents schematic signage design options to the Public Library; (b) Design Development, which develops the signage schematic design option chosen by the Public Library; (c) Construction Documents, which prepares construction documents for the selected signage design option, including construction cost estimates; and, (d) Guidelines and Budgeting, which establishes procedures for in-house sign maintenance and develops budget estimates for annual maintenance costs. According to Mr. Nichols, the Signage Design Project, which is estimated to cost a total of $50,000, will be managed by the Department of Public Works.

Budget: The summary budget for the requested release of reserved funds for the Signage Design Project is as follows:

Programming and Schematic Design	$20,745
Design Development	9,500
Construction Documents	14,000
Guidelines and Budgeting	3,740
Miscellaneous Reimbursibles	2,015
Total	$50,000

Attachment II, provided by the Public Library, contains budget details, including hours and hourly rates of the consultant, Kate Keating Associates, for the Signage Design Project.

Comments:

1. In 1999 the Public Library retained Ripley and Associates at a cost of $255,773 to conduct an independent Post Occupancy Evaluation (POE) of the Main Library to assess the Main Library's functionality. According to Mr. Nichols, the consultant had one architect and two library consultants on its team. Mr. Nichols states that the POE report, based on the consultant team's findings, was issued in January of 2000, outlining suggestions for improvements to the Main Library facilities which would cost an estimated $28,000,000, including $10,300,000 for the renovation and use of Brooks Hall[2].

2. Attachment I, lists the 13 respondents to the RFP and their bid amounts. According to Mr. Nichols, the following persons were on the selection panel: Kathy Lawhun, Chief of the Main Library; Marcia Schnieder, Public Affairs Director for the Public Library; and, Sheila Grant, Graphic Artist, Sacramento Public Library. Mr. Nichols advises that all respondents' written proposals were scored by the panelists and the top five scoring vendors were selected for an oral interview and presentation. Mr. Nichols further advises that Kate Keating Associates was selected based on the scoring of its written proposal, oral interview and the application of WBE/MBE/LBE points. Of the top five vendors, the bid amounts ranged from a low of $46,100 to a high of $50,000. Kate Keating

[2] Brooks Hall is an underground facility connected to the Bill Graham Auditorium. Mr. Nichols states that the Public Library currently uses a portion of Brooks Hall for a variety of purposes including remote storage of government documents, back-issues of hard bound periodicals, City Archives, gift collections pending review and processing, the Public Library's book redistribution program and storage for furniture, fixtures, and equipment.

Associates bid $48,000 and the Public Library budgeted $2,000 for miscellaneous expenses.

3. As shown in Attachment II, the hourly rates charged by Kate Keating Associates ranges from a low of $70 per hour to a high of $125 per hour. Mr. Nichols further advises that it would take approximately six months to complete the Signage Design Project.

4. Mr. Nichols advises that the costs for the manufacturing and installation of the signage system for the Main Library is estimated to be $350,000, and the funds for the manufacturing and installation of the signage system were included in the Public Library's FY 2001-2002 budget. As previously noted, a separate competitive bid process would be conducted to select the vendor to manufacture and install the signs.

Recommendation: Release the requested $50,000 in reserved funds.

February 4, 2002

San Francisco Public Library
100 Larkin Street, San Francisco, CA 94102

TO: Maureen Singleton, Budget Analyst
Budget Analyst's Office

FR: George Nichols, Finance Director

RE: **RELEASE OF FINANCE COMMITTEE RESERVE FUNDS (SIGNAGE)**

As requested the following information is provided. Please call me at 557-4248 if you have additional questions.

1) RESPONDENTS TO THE RFP AND VENDOR SELECTED

a) There were 13 respondents to the RFP. The respondents were Biesek Design, Dsign Art, Design Pacifica International, Ellipsis, Englund Designworks, General Graphics Exhibits, Ilium, Kate Keating Associates, McCracken & McCracken, Mitchell Design, Priority Architectural Graphics, Square Peg Design, and Wieber Nelson Design.

b) After initial review and ranking, five finalists were selected for an oral interview. The five finalists were Beisek, Ellipsis, Englund, Kate Keating, and Square Peg.

c) The winning proposal was submitted by: Kate Keating Associates

2) NAMES AND TITLES OF SELECTION COMMITTEE MEMBERS:

a) Kathy Lawhun, Chief of Main, San Francisco Public Library
b) Marcia Schneider, Public Affairs Director, San Francisco Public Library
c) Sheila Grant, Graphic Artist, Sacramento Public Library

3) BID AMOUNTS AND RANKING INFORMATION: Vendor selection was made in two phases. All respondents were first scored based on their written proposals. The five highest scoring vendors were then selected for an oral interview and presentation that was scored separately.

a) Written scores were based on:
   i) Specified bid amount (RFP specified a $50,000 budget).
   ii) Consultant's Qualifications (i.e., relevant experience in designing signage systems for libraries and/or complex buildings).
   iii) Agency and professional staff background (i.e., in-house or collaboration capability to fabricate or install signs, background and experience of personnel that will be assigned to the project);
   iv) Scope of work/contractor response (i.e., clarity and conciseness of proposal, extent proposal addressed all focus area topics, timeline for completion and estimated hours for each

objective, ability to provide oral and written reports of findings, and degree to which feedback or input from Library staff is considered).

v) Reference Check (i.e., jobs completed on time and on budget, effectiveness of personnel assigned to the project, overall satisfaction with effort).

b) Oral interview scores were based on:

i) Individual and group experience in a library setting; knowledge of libraries and library operations; enthusiasm for the project; quality of presentation.

ii) Philosophy of way finding and principles considered in designing signage systems (i.e., building functionality, placement, symbols vs. words, etc.).

iii) Attitude towards and capacity to involve library staff in the project.

iv) Ability to summarize their project proposal including project phases and concepts underlining their particular approach to the project.

v) Ability to articulate the major challenges they see in designing a signage system for the SFPL.

Written scores and bid amounts for all respondents are listed below. Vendors selected for the oral interview and their oral scores are italicized. The "Adj. Oral Score" is the "Oral Score" after application of the 10% discount for WBE/MBE/LBE. Based on the scoring of the oral interview and the application of WBE/MBE/LBE discount points, the winning vendor is Kate Keating Associates.

VENDOR	Written Score	Bid Amount	Oral Score	Adj. Oral Score (WBE/MBE/LBE)
Biesek Design	*275*	*$47,600*	*276*	*276*
Ellipsis	*225*	*$50,000*	*256*	*256*
Englund Designworks	*232*	*$46,100*	*232*	*232*
Kate Keating Associates	*239*	*$48,000*	*257*	*282.7*
Square Peg Design	*237*	*$50,000*	*252*	*252*
DSign Art	190	$39,500	N/A	N/A
Design Pacific International	211	$49,500	N/A	N/A
General Graphics Exhibits	183	$50,000	N/A	N/A
Illium	206	$50,000	N/A	N/A
McCracken & McCracken	197	$42,900	N/A	N/A
Mitchell Design	173	$49,675	N/A	N/A
Priority Architectural Graphics	198	$42,000	N/A	N/A
Wieber Nelson Design	154	$60,450	N/A	N/A

4) **PROJECT DESCRIPTION:** The winning vendor will design the signage system only. A separate competitive bid process will be held to select a vendor to manufacture and install signage. The design consultant will be responsible for the following.

a) **Phase I: Programming and Schematic Design:** Survey existing library signage; assess effectiveness of existing way-finding; evaluate options for modifying existing signs; review ADA requirements; meet with library staff; review goals for in-house maintenance & updating of signage; develop & present schematic design options.

b) **Phase II: Design Development:** Develop schematic design option selected by library staff; develop, submit & present preliminary construction cost estimate.

c) **Phase III: Construction Documents:** Prepare construction drawings; develop sign schedule and location plans for all floors; deliver construction document package including construction cost estimate, drawings & specifications so package can go out to bid.

d) **Phase IV: Guidelines and Budgeting:** Establish procedure for staff maintenance of sign system; develop budget estimate for annual cost of maintenance of signage program

e) Timeline: March-August 02

5) BUDGET DETAILS

a) Budget by Project Phase
   i) Phase I: Programming and Schematic Design ($20,745)
   ii) Phase II: Design Development ($9,500)
   iii) Phase III: Construction Documents ($14,000)
   iv) Phase IV: Guidelines and Budgeting ($3,740)
   v) Miscellaneous Reimbursibles ($2,015)

b) Hourly Rates:
   i) Principal/design, consultation ($125)
   ii) Project Manager/Senior Designer ($110)
   iii) Senior Designer ($90)
   iv) Design Assistant ($80)
   v) Production Assistant ($70)

cc: Susan Hildreth, City Librarian
Paul Underwood, Deputy City Librarian
Kathy Lawhun, Chief of Main

2/6/02

KATE KEATING COST ESTIMATE
Signage System Design

Library

	Principal	Project Mgr	Fabrication Cost Estimator	Sr. Designer	Design Asst.	Production Asst.	TOTAL
Cost/Hour	$ 125	$ 110	$ 100	$ 90	$ 80	$ 70	
Hours →							
Programming & Schematic Design	23	63	8	78	39	0	211
Design Development	8	25	10	27	29	0	99
Construction Documents	6	24	4	31	0	106	171
Guidelines & Budgeting	0	15	2	21	0	0	38
TOTALS	37	127	24	157	68	106	519
Programming & Schematic Design	$ 2,875	$ 6,930	$ 800	$ 7,020	$ 3,120	$ -	$ 20,745
Design Development	$ 1,000	$ 2,750	$ 1,000	$ 2,430	$ 2,320	$ -	$ 9,500
Construction Documents	$ 750	$ 2,640	$ 400	$ 2,790	$ -	$ 7,420	$ 14,000
Guidelines & Budgeting	$ -	$ 1,650	$ 200	$ 1,890	$ -	$ -	$ 3,740
Subtotal Labor	$ 4,625	$ 13,970	$ 2,400	$ 14,130	$ 5,440	$ 7,420	$ 47,985
Miscellaneous Reimbursables (e.g., travel, overnight deliveries, copying, etc.)							$ 2,015
TOTAL BUDGET							$ 50,000

Source: Public Library

Item 2 - File 02-0189

Department: Department of Public Works

Item: Ordinance reappropriating $500,000 from the Third Street Light Rail Street Resurfacing Design Project and $2,295,000 from the Taraval Street Resurfacing Project for a total of $2,795,000 to various street resurfacing projects in Districts 4 and 7, in the amount of $1,295,000, and to the Rivera/Santiago Street resurfacing project in District 4, in the amount of $1,500,000.

Amount: $2,795,000

Source of Funds: Gas Tax Revenues from the State of California Traffic Congestion Relief Fund (TCRF) previously appropriated by the Board of Supervisors for (a) the Third Street Light Rail Street Resurfacing Design Project, and (b) the Taraval Street Resurfacing Project.

Description: The proposed ordinance would provide for the reappropriation of a total of $2,795,000 in Gas Tax Funds from the State of California Traffic Congestion Relief Fund (TCRF) to be used for local street resurfacing projects. The Traffic Congestion Relief Fund was created in the year 2000 through State Assembly Bill 2928. Funded by State Gas Tax revenues, the Traffic Congestion Relief Fund was designed to improve transportation systems and relieve congestion throughout California and can be used generally for street and road improvements. Ms. Tina Olson of the Department of Public Works (DPW) reports that the City received its first allocation of TCRF funds in the amount of $9,021,349 in November of 2000 (Fiscal Year 2000-2001). DPW will receive approximately $3,105,000 in Fiscal Year 2001-2002 and anticipates four more annual allocations from the State Traffic Congestion Relief Fund through Fiscal Year 2005-2006 of approximately $3 million each.

According to Ms. Olson, the Department of Public Works (DPW) proposes reappropriating $500,000 from the Third Street Light Rail Street Resurfacing Design Project and $2,295,000 from the Taraval Street Resurfacing Project,

or a total of $2,795,000, because the State Traffic Congestion Relief Fund monies have a "timely use of funds" provision and the DPW will not be completing these two projects for which the funds were previously appropriated before the respective deadlines of June 30, 2002 and June 30, 2003, according to Ms. Olson. $500,000 of the originally appropriated funds for the Third Street Light Rail Street Resurfacing Design Project must be expended by June 30, 2002 and the $2,295,000 originally appropriated for the Taraval Street Resurfacing Project must be expended by June 30, 2003. If such funds are not expended by the State-imposed deadline dates of June 30, 2002 and June 30, 2003, then such funds must be returned to the State. Ms. Olson advises that the DPW has completed the Design Phase of the Third Street Light Rail Street Resurfacing Design Project for which the subject funds were appropriated and has realized $500,000 in cost savings, which, as noted above, must be expended by June 30, 2002. Ms. Theresa Burke of the DPW reports that the DPW had planned to complete the Taraval Street Resurfacing Project by April 2003, but, because of delays, the project will not begin until 2006, which is subsequent to the State deadline date of June 30, 2003 for expending such funds.

Under the proposed reappropriation, the DPW would expend the subject $2,795,000 on the following: (a) various Street Resurfacing Projects in District 4 ($499,490) to be performed inhouse by existing DPW staff, (b) various Street Resurfacing Projects in District 7 ($795,060) to be performed inhouse by existing DPW staff, and (c) Resurfacing Rivera Street from 14th Avenue to the Great Highway and Resurfacing Santiago Street from Sunset Boulevard to the Great Highway ($1,500,000), in District 4. This latter project will be completed by an outside contractor selected through a competitive bid process.

According to Ms. Burke, these proposed street resurfacing projects were selected based on need and geographic equity, and because the resurfacing projects can be completed by the State deadlines for expending the subject monies.

Budget:

A summary budget totaling $2,794,550 is as follows:

Resurfacing Projects	Amount
District 4 Street Resurfacing Projects	$499,490
District 7 Street Resurfacing Projects	795,060
Rivera/Santiago Street Resurfacing Project	1,500,000
Total	$2,794,550

Attachment I, provided by the Department of Public Works, provides budget details in the amount of $2,794,550.

Comments:

1. Ms. Olson states that DPW is proposing the reappropriation of the $2,295,000 from the Taraval Street Resurfacing Project due to a delay in the Municipal Railway's L-Line Rerailing Project. As noted above, this $2,295,000 must be expended by June 30, 2003 or be returned to the State. Because of the delay in the L-Line Rerailing Project, Ms. Olson adds, the DPW would be unable to complete the Taraval Street Resurfacing Project by the deadline of June 30, 2003.

2. Attachment II is a memorandum from Ms. Burke identifying the street locations and explaining the basis for the selection of the proposed projects in Districts 4 and 7.

3. Ms. Olson reports that expert staff in the DPW's Bureau of Engineering, Streets and Highway Section will conduct the design and construction management portions of the Rivera and Santiago Streets resurfacing projects from Proposition B Half-Cent Sales Tax funds that have been previously programmed by the San Francisco County Transportation Authority in July 2001. Ms. Olson further reports that the District 4 and 7 projects do not require design and construction management.

According to Ms. Burke, the Department anticipates completing a competitive bidding process for the proposed Rivera/Santiago resurfacing project in September of 2002 and awarding a construction contract in October of 2002. Ms. Burke further reports that DPW plans to begin the

resurfacing project in December of 2002 and complete the project by April 2003. Ms. Burke estimates that the District 4 street resurfacing projects to be performed by DPW staff will be completed by June 30, 2002 and that the District 7 street resurfacing projects will be completed by November 30, 2002.

4. According to Ms. Olson, DPW will fund the Taraval Street Resurfacing Project with future allocations from the Proposition B Half-Cent Sales Tax funds once the Municipal Railway's L-Line Rerailing Project allows the Taraval Street resurfacing to go forward.

Recommendation: Approve the proposed ordinance.

H. M. Rose

Harvey M. Rose

cc: Supervisor Peskin
Supervisor Daly
Supervisor Maxwell
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

District 4 Slurry Sealing Project Budget

Class	Title	Description	Hourly Rate	Crew Hours	Costs
		Slurry Seal Crew			
7220	Asphalt Finisher Supv.		$77	8	$616
7355	Truck Driver, Heavy		$69	8	$552
7404	Asphal Finisher		$57	16	$912
7502	Asphalt Worker		$55	8	$440
		Crack Seal Crew			
7220	Asphalt Finisher, Supv.		$77	8	$616
7355	Truck Driver, Heavy		$69	8	$552
7502	Asphalt Worker		$55	16	$880
		Barricade & Material Loading Support			
7355	Truck Driver, Heavy		$69	8	$552
7328	Operating Engineer		$80	2	$160
		Subtotal Labor + OH			$5,280
		Materials (15% of above)			$792
		Total Cost per Day*			$6,072
		Production			55
		Cost per block			$2,024
		Total Budget			$111,320

*Assumes BSSR's standard work plan of slurry sealing 3 blocks per work day.

* Includes Overhead of 125.20% and cost of equipment and fuel.

* Due to the relatively low cost of slurry dust and emulsion production at the City-owned plant, the engineers have assumed a materials percentage cost.

* BSSR assumes 20 normal working days to complete the work.

Source: DPW

District 4 Mill-and-Fill Resurfacing Project Budget

Class	Title	Description	Hourly Rate	Crew Hours	Costs
		Grinding Crew (includes profiling)			
7220	Asphalt Finisher Supv.		$77	8	$616
7328	Operating Engineer		$80	15	$1,200
7355	Truck Driver, Heavy		$69	40	$2,760
7502	Asphalt Worker		$55	40	$2,200
		Resurfacing Crew			
7220	Asphalt Finisher, Supv.		$77	8	$616
7328	Operating Engineer		$80	23	$1,840
7355	Truck Driver, Heavy		$69	30	$2,070
7404	Asphalt Finisher		$57	32	$1,824
7502	Asphalt Worker		$55	40	$2,200
		Barricade & Material Loading Support			
7355	Truck Driver, Heavy		$69	8	$552
		Subtotal Labor + OH			$15,878
		Materials (Hot Asphalt)			$10,000
		Total Cost per Day*			$25,878
		Production			15
		Total Budget			$388,170

*Assumes BSSR's standard work plan of 1 block per work day for mill-and-fill treatment.
* Includes Overhead of 125.20% and cost of equipment and fuel.
* Based on FY 00-01 data showing asphalt costs at $50/ton with the average block requiring 200 tons.
* BSSR assumes 15 normal working days to complete the work.

Subtotal District 4 Projects:$499,06

Source: DPW

District 7 Slurry Sealing Project Budget

Class	Title	Description	Hourly Rate	Crew Hours	Costs
		Slurry Seal Crew			
7220	Asphalt Finisher Supv.		S77	8	S616
7355	Truck Driver, Heavy		S69	8	S552
7404	Asphal Finisher		S57	16	$912
7502	Asphalt Worker		S55	8	S440
		Crack Seal Crew			
7220	Asphalt Finisher, Supv.		S77	8	S616
7355	Truck Driver, Heavy		S69	8	S552
7502	Asphalt Worker		S55	16	S880
		Barricade & Material Loading Support			
7355	Truck Driver, Heavy		S69	8	S552
7328	Operating Engineer		$80	2	$160
		Subtotal Labor + OH			S5,280
		Materials (15% of above)			$792
		Total Cost per Day*			S6,072
		Production			150
		Cost per block			S2,024
		Total Budget			S303,600

*Assumes BSSR's standard work plan of slurry sealing 3 blocks per work day.

* Includes Overhead of 125.20% and cost of equipment and fuel.

* Due to the relatively low cost of slurry dust and emulsion production at the City-owned plant, the engineers have assumed a materials percentage cost.

* BSSR assumes 60 normal working days to complete the work.

Source: DPW

District 7 Mill-and-Fill Resurfacing Project Budget

Class	Title	Description	Hourly Rate	Crew Hours	Costs
		Grinding Crew (includes profiling)			
7220	Asphalt Finisher Supv.		$77	8	$616
7328	Operating Engineer		$80	10	$800
7355	Truck Driver, Heavy		$69	40	$2,760
7502	Asphalt Worker		$55	24	$1,320
		Resurfacing Crew			
7220	Asphalt Finisher, Supv.		$77	8	$616
7328	Operating Engineer		$80	16	$1,280
7355	Truck Driver, Heavy		$69	40	$2,760
7404	Asphalt Finisher		$57	37	$2,109
7502	Asphalt Worker		$55	32	$1,760
		Barricade & Material Loading Support			
7355	Truck Driver, Heavy		$69	8	$552
		Subtotal Labor + OH			$14,573
		Materials (Hot Asphalt)			$10,000
		Total Cost per Day*			$24,573
		Production			20
		Total Budget			$491,460

*Assumes BSSR's standard work plan of 1 block per work day for mill-and-fill treatment.
* Includes Overhead of 125.20% and cost of equipment and fuel.
* Based on FY 00-01 data showing asphalt costs at $50/ton with the average block requiring 200 tons.
* BSSR assumes 20 normal working days to complete the work.

Subtotal District 7 Projects: $795,060

Source: DPW

Rivera/Santiago Resurfacing Project
Preliminary Engineer's Construction Cost Estimate

Roadway Work

Bid Item No.	Bid Items	Estimated Quantity	Unit	Unit Price	Extension
1	Traffic Routing Work for Paving Work	---	---	LS	$50,000.00
2	Full-Depth Planing per 2-Inch Depth of Cut	615,100	SF	$0.65	$399,815.00
3	Asphalt Concrete (Type A, 1/2-Inch Maximum with Medium Grading)	10,000	TON	$65.00	$650,000.00
4	3 1/2-Inch Thick Concrete Sidewalk	3,550	SF	$8.00	$28,400.00
5	Concrete Curb Ramp	85	EA	$1,400.00	$119,000.00
6	6-Inch Thick Concrete Curb	915	LF	$30.00	$27,450.00
7	8-Inch Thick Concrete Base	14,500	SF	$10.00	$145,000.00
8	Project Sign	---	---	LS	$2,000.00
9	Field Office for Engineer, Standard Type "B"	---	---	LS	$3,000.00
10	Adjust City-Owned Manhole Frame and Cover to Grade	14	EA	$300.00	$4,200.00
11	Adjust San Francisco Fire Department-Owned Low-Pressure Hydrant Lead Valve Box Casting Cover to Grade	6	EA	$200.00	$1,200.00
12	Adjust San Francisco Fire Department-Owned High-Pressure Hydrant Lead Valve Box Casting Cover to Grade	4	EA	$300.00	$1,200.00
13	Furnish and Install Temporary 4-Inch Broken White/Yellow Striping	10,000	LF	$0.75	$7,500.00
14	Furnish and Install Temporary 8-Inch Solid White Striping	500	LF	$1.90	$950.00
15	Furnish and Install Temporary 12-Inch Crosswalk Striping	5,200	LF	$2.90	$15,080.00
16	Furnish and Install Temporary Double Yellow Striping	50	LF	$2.50	$125.00
17	Furnish and Install Temporary Raised Pavement Markers	370	EA	$1.50	$555.00
18	Uniformed Off-Duty San Francisco Police Officers (As Required by the Engineer. No Bid Required)	---	---	Allowance	$40,000.00
19	Adjust San Francisco Water Dept-Owned 6-Inch or 8-Inch Valve Box Casting Cover to Grade	65	EA	$65.00	$4,225.00
20	Adjust San Francisco Water Dept-Owned 6-Inch or 8-Inch Valve Box Casting Cover to Grade (Deletable Bid Item)	1	EA	$300.00	$300.00

Total of Roadway Work $1.500.000.00

Total Projects: $2,794,550

Source: DPW

City and County of San Francisco

Department of Public Works
Finance and Budget Division

February 14, 2002

Mr. Harvey Rose
Board of Supervisors' Budget Analyst
1390 Market Street, Suite 1025
San Francisco, California 94102

Subject: File 02-0189 – Ordinance for the Reappropriation of State Traffic Congestion Relief Fund Revenue

Dear Mr. Rose:

This letter is in response to Ms. Sarah Graham of your staff requesting that the Department of Public Works (DPW or the Department) explain how it chose street projects in Districts 4 and 7 for reappropriation of Traffic Congestion Relief Fund (TCRF) money allocated to the City during FY 00-01 and FY 01-02.

PROJECT PRIORITIZATION METHODOLOGY

With respect to the methodology employed by DPW to choose projects for the subject reappropriation of TCRF money, the Department is attaching a letter dated March 1, 2001 sent to your office that describes the Department's general street project prioritization methodology in detail. As you may recall, two criteria that the Department uses in prioritizing street resurfacing projects are geographic equity and those that can meet the timely-use-of-funds requirements, when applicable, of funding programs.

Timely-Use-of-Funds Requirement

When DPW did its programming for TCRF money received during FY 00-01, Districts 1,2, 3, 5, 6, and 10 had projects that could be implemented in the time frame of the timely-use-of-funds requirements for TCRF money. This timely-use-of-funds requirement is codified in Section 19(f) of Ch. 91 of the Statutes of 2000 and requires that TCRF funds be expended no later than the end of the fiscal year following the fiscal year in which the allocation was made. With respect to the funds allocated during FY 2000-01, those funds will expire on June 30, 2002. With respect to the funds allocated during FY 2001-02, those funds will expire on June 30, 2003. The statute is explicit that any funds not expended by the deadline would be returned to the State Controller for reallocation to other cities and counties. There are no exceptions to this deadline and there is no avenue by which the City can request an extension.

During the FY 01-02 budget cycle, DPW chose to appropriate anticipated FY 01-02 TCRF money. At that time, there were two (2) projects that fit the amount of anticipated funding ($3,105,000) and could meet the timely-use-of-funds deadline of June 30, 2003. These

30 Van Ness Ave, 5th Fl. San Francisco, CA 94102 (415) 558-4000 / FAX (415) 558-4519

projects were the Taraval Street Rehabilitation Project in District 4 ($2,295,000) and the Joost Avenue Project in District 8 ($810,000). (N.B. The Joost Avenue Project in District 8 is still on schedule.) In June 2001, DPW learned that it must delay its Taraval Street Rehabilitation Project due to a delay in the Municipal Railway's (Muni) L-Line Rerailing Project.

In December 2001, the Department conducted a cash-flow analysis of the FY 00-01 TCRF Projects. The Department became aware that the Bureau of Engineering's Streets & Highways Section had delivered its 3rd St. Light Rail Street Resurfacing Design Project on schedule and under budget. This performance resulted in a cost-savings of $500,000.

Rationale for Street Projects in Districts 4 & 7

The projects in Districts 4 and 7 best meet the Department's policies of equitably distributing services throughout the City as well as preventing the loss of non-general fund revenues. As the Taraval Street Rehabilitation Project had already been programmed for receiving FY 01-02 TCRF money, the Department did not wish to deviate from its programming of funds for District 4.

In addition, District 4 has fifty-five (55) blocks ready to accept a slurry seal street treatment. Slurry sealing is a light treatment consisting of an asphalt emulsion that is placed over the street's asphalt wearing surface. The Department's Bureau of Street and Sewer Repair (BSSR) had previously crack-sealed the fifty-five blocks so that they would be ready for slurry sealing during FY 01-02 construction seasons. Because slurry sealing can be done by the Department's force account labor and because this treatment does not subject excavators to a 5-year moratorium, and thus does not require the Department to transmit a Notice of Intent (NOI), the Department is proposing that these 55 blocks be completed with some of the $500,000 in cost-savings from the 3rd St. Light Rail Street Resurfacing Design Project that will expire on June 30, 2002.

BSSR can also perform mill-and-fill street projects. This treatment is more substantial than slurry sealing. This treatment mills (i.e., grinds) areas in which the street's asphalt wearing surface is damaged and then it is filled with new asphalt concrete. This treatment subjects excavators to the 5-year moratorium of the City's Street Excavation Ordinance and requires DPW to transmit a Notice of Intent (NOI). The Department transmitted its NOIs in early January 2002 with the notification period closing in mid-May 2002. (The Street Excavation Ordinance provides for a 120-day notification period.)

Attached to this memo for District 4 are matrices showing: the fifty-five (55) proposed cracked-sealed and ready-for-slurry sealing candidates; thirty (30) additional blocks that could be both crack sealed and slurry sealed in the event that there are not enough mill-and-fill projects; and, twenty-nine (29) blocks that could be mill-and-filled. (Similar matrices are also prepared for District 7 projects discussed below.)

The Department respectfully requests that the Budget Analyst exercise his discretion in permitting the Department to maintain its flexibility so that TCRF revenues are not lost. Because excavators have until mid-May to comment on the mill-and-fill proposed blocks in both Districts 4 and 7, the Department cannot make a firm commitment to assert which blocks will be treated other than for the 55 previously crack-sealed blocks in District 4. The Department intends to choose streets off these lists after receiving feedback from excavators that they are not scheduled to perform any maintenance or repair work on these streets, and thus ensure the City's investment in its surface transportation infrastructure as well as minimize inconvenience to residents. By granting the Department this flexibility, the Department will be able to maintain its ability to quickly reallocate its resources to maximize the TCRF funding.

As the Department had programmed a total of $2,295,000 in FY 01-02 TCRF, DPW is proposing that in addition to the $500,000 in FY 00-01 TCRF that there be an allocation of $1.5 million from FY 01-02 TCRF revenues reappropriated to the construction phase of the Rivera/Santiago Street Resurfacing Project.

With respect to District 7, the Department again chose District 7 as it did not have either FY 00-01 or FY 01-02 funds programmed but could be eligible for FY 02-03 funds. Again, the Department chose projects in this District 7 because it was able to identify streets that could be resurfaced with treatments that could be quickly implemented by BSSR given that FY 01-02 TCRF money expires on June 30, 2003.

I hope the information provided herein addresses all of your concerns given the tight deadline you are operating under. If you have any further questions concerning the projects DPW is proposing being funded with TCRF money under this appropriation, please contact me at (415) 558-4506 or Ms. Tina Olson, Manager of Finance and Budget at (415) 554-4830.

Sincerely,

Theresa Burke
Transportation Finance Analyst

cc: Tina Olson, Finance & Budget

Attachments: Letter to Mr. Harvey Rose, Budget Analyst dated March 1, 2001
DPW's Proposed Street Projects in Districts 4 & 7 for Reappropriated TCRF

List of 55 Crack-Sealed Blocks in District 4

	STREET	FROM	TO
1	27th Ave	Kirkham	Lawton
2	27th Ave	Taraval	Ulloa
3	29th Ave	Noriega	Ortega
4	31st Ave	Ortega	Pacheco
5	31st Ave	Pacheco	Quintara
6	31st Ave	Quintara	Rivera
7	32nd Ave	Quintara	Rivera
8	33rd Ave	Ortega	Pacheco
9	33rd Ave	Quintara	Rivera
10	33rd Ave	Taraval	Ulloa
11	33rd Ave	Ulloa	Vicente
12	33rd Ave	Vicente	Wawona
13	34th Ave	Lawton	Moraga
14	34th Ave	Ortega	Pacheco
15	34th Ave	Rivera	Santiago
16	34th Ave	Vicente	Wawona
17	34th Ave	Wawona	Yorba
18	35th Ave	Moraga	Noriega
19	35th Ave	Noriega	Ortega
20	39th Ave	Ulloa	Vicente
21	39th Ave	Vicente	Wawona
22	39th Ave	Wawona	Yorba
23	39th Ave	Yorba	Sloat
24	40th Ave	Moraga	Noriega
25	40th Ave	Noriega	Ortega
26	40th Ave	Quintara	Rivera
27	40th Ave	Santiago	Taraval

	STREET	FROM	TO
28	40th Ave	Vicente	Wawona
29	41st Ave	Moraga	Noriega
30	41st Ave	Quintara	Rivera
31	41st Ave	Santiago	Taraval
32	42nd Ave	Kirkham	Lawton
33	42nd Ave	Lawton	Moraga
34	42nd Ave	Moraga	Noriega
35	42nd Ave	Noriega	Ortega
36	42nd Ave	Ortega	Pacheco
37	42nd Ave	Pacheco	Quintara
38	42nd Ave	Quintara	Rivera
39	42nd Ave	Santiago	Taraval
40	42nd Ave	Vicente	Wawona
41	42nd Ave	Wawona	Sloat
42	Lawton	31st Ave	32nd Ave
43	Lawton	32nd Ave	33rd Ave
44	Lawton	33rd Ave	34th Ave
45	Lawton	34th Ave	35th Ave
46	Vicente	26th Ave	27th Ave
47	Vicente	27th Ave	28th Ave
48	Vicente	40th Ave	41st Ave
49	Vicente	41st Ave	42nd Ave
50	Vicente	43rd Ave	44th Ave
51	Vicente	44th Ave	45th Ave
52	Vicente	47th Ave	Great Hwy
53	Wayland	Somerset	Holyoke
54	Wayland	Holyoke	Hamilton
55	Yorba	39th Ave	West End

Source: DPW

The following is a list of Slurry Seal candidates to supplement the 55 cracked sealed candidates to be slurried by BSSR in 2002. Slurry Seal candidates do not subject Excavators to a 5-Year Moratorium, and thus does not require the transmital of a Notice of Intent (NOI).

Slurry Seal Candidates			
	STREET	FROM	TO
1	26th Ave	Quintara	Rivera
2	26th Ave	Rivera	Santiago
3	26th Ave	Santiago	Taraval
4	27th Ave	Quintara	Rivera
5	27th Ave	Santiago	Taraval
6	35th Ave	Kirkham	Lawton
7	35th Ave	Quintara	Rivera
8	37th Ave	Vicente	Wawona
9	38th Ave	Rivera	Santiago
10	39th Ave	Quintara	Rivera
11	40th Ave	Lawton	Moraga
12	43rd Ave	Vicente	Wawona
13	44th Ave	Lawton	Moraga
14	44th Ave	Moraga	Noriega
15	47th Ave	Taraval	Ulloa
16	48th Ave	Lawton	Moraga
17	48th Ave	Moraga	Noriega
18	48th Ave	Noriega	Ortega
19	48th Ave	Pacheco	Quintara
20	Lawton	44th Ave	45th Ave
21	Moraga	39th Ave	40th Ave
22	Moraga	40th Ave	41st Ave
23	Ortega	44th Ave	45th Ave
24	Quintara	39th Ave	40th Ave
25	Santiago	24th Ave	25th Ave
26	Santiago	25th Ave	26th Ave
27	Wawona	37th Ave	38th Ave
28	Wawona	38th Ave	39th Ave
29	Wawona	39th Ave	40th Ave
30	Wawona	47th Ave	Lower Great Hwy

District 4 Mill-and-Fill Candidates

The following is a list of M&F candidates to supplement the 55 Slurry Seal candidates to be performed by BSSR. These candidates have been cross-checked against the latest SCCC 5-Year Utility Excavation submission. (There is no work currently planned at these locations.) A field review with BSSR staff was conducted. However, unlike Slurry Seal candidates that do not subject Excavators to a 5-Year Moratorium, M&F candidates are mandated by the excavation code to transmit a Notice of Intent (NOI) 120-days prior to commencement of work. Experience shows that there exists the potential that the NOI process will identify utility conflicts and thus eliminate some of these candidates. Clearances anticipated no earlier than mid-Spring 2002.

M & F Candidates			
	STREET	FROM	TO
1	23rd Ave	Taraval	Ulloa
2	23rd Ave	Ulloa	Vicente
3	23rd Ave	Vicente	Wawona
4	25th Ave	Vicente	Rosemary
5	26th Ave	Taraval	Ulloa
6	26th Ave	Ulloa	Vicente
7	26th Ave	Vicente	Wawona
8	35th Ave	Pacheco	Quintara
9	35th Ave	Rivera	Santiago
10	35th Ave	Santiago	Taraval
11	47th Ave	Vicente	Cutler
12	47th Ave	Cutler	Wawona
13	48th Ave	Kirkham	Lawton
14	48th Ave	Ortega	Pacheco
15	Constanso	Crestlake	Escondido
16	Constanso	Escondido	Sloat
17	Crestlake	End: East	Gabilan
18	Crestlake	Gabilan	Paraiso
19	Elmirasol	Crestlake	Sloat
20	Escondido	Constanso	34th Ave
21	Gabilan	Crestlake	Sloat
22	Goleta	Crestlake	Sloat
23	Paraiso	Crestlake	Sloat
24	Quintara	19th Ave	20th Ave
25	Rosemary	Taraval	End
26	Ulloa	36th Ave	Sunset
27	Ulloa	Sunset	37th Ave
28	Ulloa	37th Ave	38th Ave
29	Vale	Crestlake	Sloat

District 7 Slurry Seal Candidates

The following is a list of Slurry Seal candidates to be performed by BSSR before 6/30/03. Slurry Seal candidates do not subject Excavators to a 5-Year Moratorium, and thus does not require the transmital of a Notice of Intent (NOI).

Slurry Seal Candidates			
	STREET	FROM	TO
1	9th Ave	Ortega	Pacheco
2	12th Ave	Judah	Kirkham
3	12th Ave	Kirkham	Lawton
4	12th Ave	Moraga	Noriega
5	12th Ave	Cragmont	Pacheco
6	12th Ave	Quintara	9th Ave
7	15th Ave	Vicente	Wawano
8	16th Ave	Ulloa	Vicente
9	16th Ave	Vicente	Wawona
10	17th Ave	Moraga	Noriega
11	Acadia	Joost	End: North
12	Aerial	Pacheco	Funston
13	Aloha	Funston	15th Ave
14	Aloha	15th Ave	15th Ave
15	Aloha	15th Ave	Lomita
16	Aptos	Darien	Upland Dr
17	Baden	Circular	Hearst
18	Baden	Hearst	Monterey
19	Baden	Monterey	Joost
20	Banbury	Stratford	Denslowe
21	Banbury	Denslowe	19th Ave
22	Bella Vista	Cresta Vista	Burlwood
23	Brentwood	Valdez	Colon
24	Brentwood	Colon	Yerba Buena
25	Cambon	Cardenas	Castelo
26	Cardenas	Gonzales	Cambon
27	Castelo	Cambon	Gonzalez
28	Colon	Montecito	Monterey
29	Colon	Monterey	Mangels
30	Colon	Mangels	Brentwood
31	Congo	Flood	Hearst
32	Denslowe	19th Ave	Lyndhurst
33	Denslowe	Lyndhurst	Wyton
34	Denslowe	Wyton	Holloway
35	Denslowe	Holloway	Banbury
36	Detroit	Staples	Flood
37	El Verano	Saint Elmo	Fernwood
38	Elmwood	Westwood	Faxon
39	Elmwood	Faxon	End: West
40	Faxon	Ocean	Elmwood
41	Faxon	Elmwood	Wildwood
42	Flood	Circular	Congo
43	Flood	Congo	Detroit
44	Flood	Detroit	Edna
45	Flood	Gennessee	Phelan
46	Gaviota	Teresita	Bella Vista

Source: DPW

District 7 Slurry Seal Candidates

47	Gonzalez	Crespi	Cardenas
48	Gonzalez	Cardenas	Diaz
49	Gonzalez	Diaz	Castelo
50	Gonzalez	Castelo	Font
51	Hazlewood	Judson	Greenwood
52	Hazlewood	Greenwood	Staples
53	Hazlewood	Staples	Flood
54	Hazlewood	Flood	Montecito
55	Hazlewood	Montecito	Monterey
56	Hazlewood	Monterey	Joost
57	Hazlewood	Joost	Mangels
58	Hearst	Circular	Baden
59	Hearst	Baden	Congo
60	Hearst	Congo	Detroit
61	Isola	Teresita	Rockdale
62	Lomita	Lawton	Aloha

[illegible] Slurry Seal Candidates (continued)			
	STREET	FROM	TO
63	Lomita	Aloha	16th Ave
64	Los Palmos	Teresita	Foerster
65	Los Palmos	Burlwood	Hazlewood
66	Lurline	Funston	Kirkham
67	Mangels	Hazlewood	Valdez
68	Mangels	Colon	Plymouth
69	Mercato	Start: North	Malta
70	Montecito	Plymouth	Northwood
71	Montecito	Northwood	Eastwood
72	Paloma	Ocean	Moncada
73	Paloma	Moncada	Mercedes
74	Paloma	Mercedes	Junipero Serra
75	Rivera	15th Ave	Cecilia
76	Rivera	Cecilia	16th Ave
77	Rivera	16th Ave	17th Ave
78	Robinhood	Landsdale	Landsdale
79	Rockdale	Omar	Reposa
80	San Anselmo	Portola	Santa Ana
81	San Anselmo	Santa Ana	Santa Benito
82	San Anselmo	Portola	Santa Ana
83	San Anselmo	Santa Ana	San Benito
84	San Anselmo	San Benito	Santa Clara
85	San Anselmo	Santa Clara	San Buenaventura
86	San Anselmo	San Buenaventura	Santa Paula
87	San Felipe	Monterey	San Jacinto
88	San Fernando	Portola	Saint Francis
89	San Fernando	Saint Francis	Monterey
90	San Fernando	Monterey	Darien
91	San Fernando	Darien	Ocean
92	San Jacinto	Santa Paula	San Felipe
93	San Jacinto	San Felipe	Monterey

Source: DPW

94	San Lorenzo	Portola	Santa Monica
95	Ulloa	Granville	Allston
96	Ulloa	Dorcester	Claremont
97	Valdez	Greenwood	Montecito
98	Valdez	Montecito	Monterey
99	Vista Verde	Stillings	End: Nort
100	Wawona	Ulloa	Vicente
101	Wawona	14th Ave	15th Ave
102	Wildwood	Start: East	Plymouth

Source: DPW

District 7 Mill-and-Fill Candidates

The following is a list of M&F candidates to be performed by BSSR before 6/30/03.
These candidates have been cross checked against the latest SCCC 5-Year Utility Excavation submission. (There is no work currently planned at these locations.) A field review with BSSR staff was conducted. However, unlike Slurry Seal candidates that do not subject Excavators to a 5-Year Moratorium, M&F candidates are mandated by the excavation code to transmit a Notice of Intent (NOI) 120-days prior to commencement of work. Experience shows that there exists the potential that the NOI process will identify utility conflicts and thus eliminate some of these candidates. Clearances anticipated no earlier than mid-Spring 2002.

M & F Candidates			
	STREET	FROM	TO
1	8th Ave	Judah	Kirkham
2	8th Ave	Kirkham	Lawton
3	12th Ave	Lawton	Moraga
4	Brentwood	Valdez	Hazlewood
5	Dorchester	Ulloa	Claremont
6	Edna	Havelock	Martson
7	Edna	Martson	Judson
8	Edna	Judson	Staples
9	Edna	Staples	Flood
10	Flood	Edna	Foerster
11	Flood	Foerster	Gennesse
12	Flood	Phelan	Ridgewood
13	Flood	Ridgewood	Hazelwood
14	Foerster	Judson	Staples
15	Foerster	Staples	Flood
16	Foerster	Flood	Hearst
17	Foerster	Hearst	Monterey
18	Funston	Judah	Kirkham
19	Gennessee	Judson	Staples
20	Gennessee	Staples	Flood
21	Gennessee	Flood	Hearst
22	Gennessee	Hearst	Monterey
23	Hearst	Detroit	Edna
24	Hearst	Edna	Foerster
25	Hearst	Foerster	Gennesse
26	Hearst	Gennesse	Ridgewood
27	Kensington	Portola	Ulloa
28	Keystone	Ocean Ave	Kenwood Wy
29	Lunado	Estero	Lunada
30	Manor	Ocean Ave	Kenwood Wy
31	Manor	Kenwood Wy	Upland Dr
32	Manor	Upland	Darien Wy
33	Melrose	Stanford Ht	Gennesse
34	Melrose	Gennesse	Lulu
35	Moraga	12th Ave	Funston
36	Moraga	Funston	End: West
37	Moraga	18th Ave	19th Ave
38	Ortega	11th Ave	14th Ave
39	Pinehurst Wy	Ocean Ave	Kenwood Wy
40	Pinehurst Wy	Kenwood Wy	Upland Dr
41	Quintara	18th Ave	19th Ave
42	Stanford Hts	Los Palmos	Melrose

District 7 Mill-and-Fill Candidates

43	Staples	Circular	Detroit
44	Staples	Detroit	Edna
45	Staples	Foerster	Gennesse
46	Staples	Gennesse	Hazlewood
47	Ulloa	Laguna Honda	Waithman
48	Ulloa	Allston Wy	Dorchester
49	Ulloa	Sydney	Laguna Honda
50	Ulloa	Waitman	Kensington
51	Ulloa	Kensington	Granville
52	Valdez	Monterey	Mangels
53	Valdez	Mangels	Brentwood
54	Waithman	Ulloa	Portola
55	Yerba Buena	Santa Clara	Santa Paula
56	Yerba Buena	Santa Paula	San Pablo
57	Yerba Buena	San Pablo	Maywood
58	Yerba Buena	Maywood	Miraloma

Shaded candidates denote NOI previously transmitted and no utility conflict reported as of 1/11/02.

City and County of San Francisco

Department of Public Works
Finance and Budget Division

March 1, 2001

Mr. Harvey Rose
Board of Supervisors' Budget Analyst
1390 Market Street, Suite 1025
San Francisco, California 94102

Subject: File 01-0276 – Ordinance for a Supplemental Appropriation for State Traffic Congestion Relief Fund Money

Dear Mr. Rose:

This letter is in response to Ms. Emilie Neumann of your staff requesting that the Department of Public Works (DPW or the Department) explain how it generally prioritizes roadway projects as well as how it arrived at its list of proposed projects for Traffic Congestion Relief Fund (TCRF) money allocated to the City during FY 00-01.

GENERAL RESURFACING PROJECT PRIORITIZATION

Pavement Management & Mapping System

Since 1984, DPW has used a Pavement Management System to set priorities for resurfacing City-maintained streets. This system, now called the Pavement Management and Mapping System (PMMS) resides within DPW's Street Construction Coordination Center (SCCC). The PMMS is a tool that establishes a ranking that allows DPW to determine which streets with asphalt surfaces are nearing the end of their useful lives and should be resurfaced before there is damage to the concrete base. If a street's maintenance is deferred and the asphalt topcoat is deteriorated to the degree that its concrete is allowed to suffer damage, it becomes more costly to repair.

In general, the streets of San Francisco have an average useful life of eighteen to twenty (18-20) years. However, a street's useful life is shortened when there is more traffic and heavy vehicles traveling over it. Thus, a busier street's asphalt will usually last for five to ten years while a quieter street can remain functional for thirty years or more. Another factor that shortens pavement life is utility trenching. Periodically, utilities such as PG&E or the Water Department must repair or replace their facilities that lie underneath the street's pavement. In order to reach them, the utilities must saw cut through the pavement which, in effect, can cause a vulnerable spot in the street.

DPW inspects the physical condition of each of San Francisco's 12,000-plus blocks every two years. The streets are rated based upon ride quality (bumpiness), cracking, surface erosion, and the number and size of utility trenches in each block. These five rating components combined with traffic volume and loading, give a good estimate of how much

longer the pavement on a certain block will last before it will have to be resurfaced. DPW then ranks the street on a decreasing scale starting with 100 (reflecting a freshly resurfaced or new roadway) to negative thirty-one (-31). This ranking permits DPW to see citywide all the streets' rankings to determine which blocks need attention first. The optimal time to resurface a street is when the PMMS score is between 25 and 60.

For the street resurfacing projects DPW has proposed, the average PMMS score for those projects are as follows:

Clement Street – 20th to 45th Ave. : 41.3
Geary Blvd. – 28th to 39th Ave. : 47.1
Hyde St. – Fulton to California St.: 42.4
Buchanan St. – Clay to Sutter St.: 41.8
Fell St. – Steiner to Stanyan St.: 44.4

San Francisco's Excavation Code

The City has rewritten its excavation code and has formed the SCCC to improve and accelerate the process of utility coordination and paving. DPW coordinates its paving work with utility street excavation in order to maximize the useful life of the pavement. On a particular block, utility excavations are performed first and then the street is paved. After the street is paved, there is a moratorium of five (5) years so that no one will dig up the fresh pavement, the exception of course being an emergency such as a utility line break.

Once a street is cleared for all public and private utility work or coordinated with utility excavation projects, DPW determines the type of treatment required (e.g., partial or total reconstruction or simple resurfacing). DPW then determines which streets to pave based on the amount of funding it has available in a given year. (A copy of DPW's "The Impact of Excavation on San Francisco Streets" is attached for your convenience.)

DPW's Five-Year Plan

Each year, after developing a priority list, DPW updates its five-year plan of anticipated streets to be paved. Prior to scheduling a street for paving, the street is checked against utility excavators' 5-Year Plans of anticipated major work. Paving is coordinated with utility excavation projects and where possible, jointly contracted. Each street is either cleared by utilities of future utility street excavations to avoid excavation of newly-paved streets or utility excavation projects are coordinated with paving projects to extend the life of the pavement and to minimize disruption to neighborhoods and the traveling public. The City places a five (5) year moratorium for excavation on a street after it has been paved.

Lastly, DPW makes an effort to support those streets with heavily used Muni routes and maintains a conscientious effort to ensure that improvements are equitably distributed among various neighborhoods and commercial districts throughout the City. DPW

contracts out street improvements that cost more than $100,000 while allowing its Bureau of Street and Sewer Repair (BSSR) to undertake those resurfacing projects below $100,000.

In Partnership with the Community

DPW uses its Public Affairs staff to notify impacted neighbors about an upcoming street resurfacing project. Thirty days prior to the start of construction, DPW sends a notice to each address on the blocks to be paved. Provisions are made within the DPW contract package that requires contractors to provide access to businesses and residents so that they are not unduly restricted. Both the Public Affairs and SCCC staff are available to assist residents and businesses with their concerns while a resurfacing project is in progress.

If DPW knows that it will need to pave a street that has suffered major damage, such as in the case where the street's concrete base is damaged, the outreach effort is started by DPW staff at least nine to twelve months in advance. This effort is a particular concern for DPW when a project will take place in a busy commercial district that also has heavy pedestrian traffic.

For projects in which a roadway's alignment or capacity is being significantly altered, such as with the Embarcadero, Bernal Heights, or the Octavia Boulevard Projects, the City establishes Citizens Advisory Committees (CAC).

For street resurfacing or reconstruction projects which are considered routine maintenance, DPW submits its list of projects to the San Francisco County Transportation Authority's (TA or the Authority) CAC on an annual basis as part of its Proposition B Half-Cent Sales Tax grant application. In general, DPW's street resurfacing jobs are funded mostly through the Prop. B established by voters in 1989. The Authority usually reviews Prop B grant applications in April and May prior to the start of the new fiscal year. As part of that process, the CAC reviews all the applications of Departments including DPW's. The TA CAC has been supportive of DPW's prioritization method for routine street resurfacing projects.

Provided for your convenience is DPW's 2-Year Plan, which is a subset of the 5-year plan.

<u>ADDITIONAL CRITERIA USED FOR PROJECTS PROPOSED FOR TCRF</u>

TIMELY USE OF FUNDS

As explained in a previous submission to the Budget Analyst's office, Section 19 (f) of Ch. 91 of the Statutes of 2000 requires that TCRF money be expended no later than the end of

the fiscal year following the fiscal year in which the allocation was made. For this appropriation request, the $9,021,349 was allocated during FY 2000-01, thus the funds must be expended no later than June 30, 2002.

The legislation also states explicitly that any funds not expended by the deadline, in this case June 30, 2002, would be returned to the State Controller for reallocation to other counties and cities. There are no exceptions to this deadline and there is no avenue by which the City can request an extension.

Lastly, under Section 11.5 of AB 2928, the legislation specifically instructs counties to deposit these funds into their respective county road funds designated for transportation purposes. This requirement essentially requires counties to follow the guidelines associated with gas tax money made available to counties under the Proposition 111 Gas Tax Subvention. These guidelines specify the type of street rehabilitation projects that are eligible for this funding source. Thus, the projects proposed by DPW comply with those guidelines.

In order to minimize the possibility of lost funds, DPW examined all of its transportation projects contained in its 2-Year Plan to see which roadway projects had obtained full utility compliance as required by the City's Excavation Ordinance and thus could meet the aggressive June 30, 2002 deadline. DPW's most recent 2-Year Plan is attached for your convenience.

ROADWAY PROJECTS THAT SUPPORT TRANSIT

After reviewing its list of projects that could meet the June 30, 2002 expenditure deadline, DPW reviewed roadway projects that also supported high-volume Muni bus routes. Based on this analysis, DPW prioritized the Clement St. and Geary Boulevard Roadway Rehabilitation Project and the Geary Boulevard and Anza St. Resurfacing Project. However, as described below, DPW chose to delete the Geary Boulevard and Anza St. Resurfacing Project from its proposed list when its geographic equity criterion was applied.

Since DPW is aware that the 3rd St. Light Rail Project, located in Supervisorial Districts 6 and 10, is both the TA's and Muni's highest-priority transportation capital project, DPW proposed its 3rd St. Roadway Reconstruction and Paving Project – Design Phase. While the light rail project is funded substantially from the Proposition B Half-Cent Sales Tax Program, accompanying transportation infrastructure projects, such as street resurfacing, were not included. Thus, in consultation with the TA and Muni, DPW ranked this roadway design project as a high priority.

ADA COMPLIANCE AND PEDESTRIAN SAFETY PROJECTS

In the past, DPW has had limited success in gaining discretionary General Fund money for pedestrian safety projects. To that end, DPW prioritized its pedestrian projects that would

have the most positive impact for safety and accessibility for pedestrians, especially those pedestrians who use wheelchairs, for TCRF money. Currently, DPW is proposing three pedestrian projects: the Curb Ramp Construction Project; the Belden Alley Project; and, the Fourth Street Sidewalk Widening Project.

Curb Ramp Construction Project

DPW Order 169,270 outlines priorities for curb ramp installations. It is acknowledged that funding constraints prevent the full implementation of the policy. Those priorities are:

1) Existing curb ramps with unsafe conditions (e.g. too steep, too narrow or deteriorated).
2) No curb ramp at the location.
3) One curb ramp at the location when the federal Americans with Disability Act (ADA) and/or California Title 24 require two.
4) Major utility or other physical barrier.
5) General safe existing curb ramp that fails to meet some current standard such as color contrast or score lines.

N B. Many locations fit into Priority 1 and 2 because of the conditions outlined by Priority 3.

A survey report completed by DPW's Geographic Information Services (GIS) staff in January 2001 reveal the following statistics in San Francisco:

6,600 intersections with pedestrian crossings
22,500 corners with pedestrian crossings
675 corners fall under Priority 1 (requiring 1,350 curb ramps to be built)
6,763 corners fall under Priority 2 (requiring 13,526 curb ramps to be built)

Over the last three (3) years, DPW has built approximately 2,500 curb ramps. Other Departments, such as DPT and Muni have funded curb ramps construction in conjunction with traffic signal and transit projects.

Many corners are still not accessible because most federal and state grants do not permit the reconstruction of existing curb ramps, even when there is a hazardous condition present. Most federal and state grants also preclude a new curb ramp being installed in a location that requires a sub-sidewalk abatement or utility relocation. These conditions exist throughout San Francisco but are often concentrated in the high use areas where access to service is essential. Overall, the need for curb ramps far exceeds the funding available to DPW.

DPW also maintains a list of curb ramp constructions requested by citizens. Currently, the list is comprised of 350 locations. Most people who call are requesting one or two curb

ramps to complete a route they need to use everyday, e.g., going to the grocery store, getting to the bus stop for work, to get to school, etc. Some people have been waiting as long as five years because the curb ramp they need built is located near a physical barrier, such as a utility vault that would need to relocated and is therefore ineligible for the federal or state funds that DPW has. Construction of these types of curb ramps alone could use all of the funding that DPW has programmed at this time. Thus, DPW has proposed the use of TCRF money for this project.

Belden Alley

DPW is the implementing agency of the Department of City Planning's Downtown Pedestrian Safety Improvement Projects, which were created in 1992. These projects are designed to improve pedestrian movement and safety in the downtown area, especially along busy sidewalks. There are a total of six defined projects:

Powell St. Cable Car Turnaround – completed in 1994
Ecker St. – completed in 1999
4th St. Sidewalk Widening – Phase I completed in 1999; Phase II to begin
Belden Alley – awaiting construction
Downtown Pedestrian Signage – Phase I awaiting construction; Phase II to be implemented once funding is secured
Fulton Mall – completing the design phase

Belden Alley is bounded by Pine on the north, Bush on the south, Montgomery on the east, and Kearny on the west in Supervisorial District 3. It is a narrow street in the City's downtown commercial core, is designated as a "destination alley" in the City's Downtown Streetscape Plan and is part of the Downtown Pedestrian Network. However, the sidewalks are currently substandard in width and do not conform to ADA standards. This project's scope of work encompasses raising the roadbed, including the concomitant drainage work, to the sidewalk level, thus, improving pedestrian safety, especially for pedestrians who use wheelchairs. In addition, this project would also provide an equity not currently enjoyed by Belden Alley patrons who use a wheelchair. Because of the difference in grades between the roadbed and sidewalk, a patron who uses a wheelchair will need to negotiate through the Alley to reach conveniences offered inside a building. By equalizing the grades, all patrons would have equal access.

The project also includes the installation of bollards along the street for the separation of pedestrian and vehicular traffic as mandated by state code. This will provide pedestrians with a safety zone when the street is open to vehicular traffic. By having the bollards clearly delineating a safe path of travel, pedestrians can quickly move behind the bollards when a driver wants to traverse the alley when it is open to traffic.

For these safety reasons, DPW prioritized Belden Alley for funding from FY 2000-01 TCRF.

Fourth Street Sidewalk Widening

This project is the first series of South of Market pedestrian improvements. The project is located on 4th Street between Market and Mission Streets in Supervisorial District 6.

As was mentioned previously, Phase I of the project, from Howard to Clara Sts., was completed in the summer of 1999. The City completed the work on the west side of 4th St. between these streets. Sony Metreon and the Moscone Project are funding sidewalk work along Fourth Street between Mission and Howard Sts., which is scheduled to be completed in 2003.

With respect to Phase II, the project is being funded with a combination of public and private funds. Pacific Resources is the private company (Old Navy and the Palomar Hotel) contributing $180,000 to Phase II. DPW was granted $440,000 in Proposition B funds and is seeking $650,000 in TCRF money to fully fund the project.

This project is a high priority because of safety and accessibility problems along Fourth Street related to the growing senior residential population and increased traffic due to the Yerba Buena Center project. This project includes a corner bulb at Mission St. that allows for a larger queuing area for pedestrians. The combination of wider sidewalks and a corner bulb will shorten crossing distances across 4th Street, thus improving pedestrian safety.

GEOGRAPHIC EQUITY

DPW used geographic equity as its final screening criterion. Based on the above projects, the Curb Ramp Construction Project has the most far-reaching capability in spreading improvements equitably across the City. DPW's Accessibility Coordinator, Susan Ferreyra, has established a list of prioritized requests from citizens for curb ramp construction.

With respect to its paving projects, when the geographic equity criterion was applied the Hyde/Buchanan/Fell Resurfacing Project proved to be a better candidate than the Anza and Geary Resurfacing Project. As a standard operating procedure, DPW prefers to package street resurfacing projects' contracts in such a way that the projects are relatively close in geographic proximity and in a way that would permit contractors to pave in "ribbons" (multiple blocks along a single street). This combination of proximity and multiple blocks along one street is attractive to contractors because they are not so spread out and the work is substantial enough to entice companies to place bids. Thus, the more attractive the work, the larger the number of bidders, and hopefully a more competitive price for the work.

The Hyde/Buchanan/Fell Resurfacing Project allows the Department to spread paving improvements across the following Supervisorial Districts:

Hyde St. – from Fulton to California – Districts 3 & 6
Buchanan St. – from Clay to Sutter – Districts 2 & 5
Fell St. – from Steiner to Stanyan – Districts 1 & 5

Projects Not Funded

As has been stated repeatedly, the timely use of funds requirement remains the driving force for projects that DPW has proposed. In addition, the Prop 111 gas tax fund guidelines further specify eligible projects for TCRF money. DPW, like all City departments has a greater supply of needed projects than it has funding. A copy of DPW's 10-Year Transportation Capital Plan for FY 2000-01 is attached for your convenience that generally describes DPW's transportation projects.

If you have any further questions concerning the projects DPW is proposing being funded with TCRF money under this appropriation, please contact me at (415) 558-4506 or Ms. Tina Olson, Manager of Finance and Budget at (415) 554-4830.

Sincerely,

Theresa Burke
Transportation Finance Analyst

cc: Tina Olson, Finance & Budget

Attachments: The Impact of Excavation on San Francisco Streets
DPW's 2-Year Plan
DPW's Transportation Capital Plan – FY 2000-01 through FY 2009-10

BOARD of SUPERVISORS

Dr

Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

NOTICE OF PUBLIC HEARING

FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

NOTICE IS HEREBY GIVEN to the general public that the Finance Committee will hold a public hearing on **Wednesday, February 27, 2002 at 12:30 p.m.**, in Room 263 at City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California to consider the following:

File: 020051 Ordinance amending Sections 2.4.2, 2.4.4, 2.4.10, 2.4.20.1, 2.4.20.2, 2.4.20.3, 4.23, 2.4.40, 2.4. 41, 2.4.42, 2.4.45, 2.4.46, 2.4.50, 2.4.53, 2.4.55, 2.4.70, 2.4.80, 2.4.81, 2.4.83, and 2.4.85 of Article 2.4 of the Public Works Code, adding Sections 2.4.20.4 to Article 2.4 of the Public Works Code, and amending Sections 10.100-230 and 11.9 of the Administrative Code to modify and adopt new definitions; modify and adopt new procedures for permit application submission, permit conditions, permit modifications, and restoration of the public right-of-way; modify fees for administration of permit applications and inspection of excavations; provide for a report to the Board of Supervisors about such fees; create a process for inspection fee refunds; authorize specified City officials to enforce violations of Article 2.4; increase the maximum assessment for administrative penalties and modify procedures for assessing penalties; establish a utility conditions permit fee; and make technical conforming amendments.

If the legislation passes, it will increase the current admin/permit fees for excavation projects from $25.00 for each block ($775,000 annual revenue) to a fee of $60 for each permit issued for a small excavation project, a fee of $75 for each block contained in a medium excavation project, or a fee of $100 for each block contained in a large excavation project. It will also increase the inspection fee that each applicant shall pay to the Department from $0.80 per square foot of excavation to $15 for each permit issued for a small excavation project, a fee of $50 for each calendar day of a medium excavation project, or a fee of $75 for each calendar day of a large excavation project. If a permit extension is granted, the permittee shall pay $15 for a small excavation project or the appropriate fees for a medium or large excavation project for each additional calendar day for which the permit is extended to cover the cost of additional permit inspection. If a permit amendment is granted that results in additional permit inspection, the permittee shall pay the fees specified above for permit extensions.

Data in support of the proposed fee increase is available in the above mentioned file of the Clerk of the Board of Supervisors ten days prior to the hearing.

For more information regarding the above, telephone (415) 554-5184 or write to Clerk's Office, Board of Supervisors, Room 244, City Hall, San Francisco, CA 94102.

Persons who are unable to attend the hearing may submit written comments regarding this matter prior to the beginning of the hearing. These comments will become part of the official public record.

Gloria L. Young, Clerk of the Board

POSTED: February 14, 2002

City and County of San Francisco
Meeting Minutes
Finance Committee

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Aaron Peskin and Chris Daly

Clerk: Gail Johnson

Wednesday, February 27, 2002 | **12:30 PM** | **City Hall, Room 263**

Regular Meeting

Members Present: Aaron Peskin, Chris Daly, Sophie Maxwell.

MEETING CONVENED

The meeting convened at 12:40 p.m.

020284 [Controller's Six-Month Report, City's Financial Health]
Supervisor Peskin
Hearing to examine the Controller's six-month report detailing the City's current financial health.
2/11/02, RECEIVED AND ASSIGNED to Finance Committee.
Heard in Committee. Speakers: Edward Harrington, Controller; Ben Rosenfield, Mayor's Budget Office.
FILED by the following vote:
Ayes: 3 - Peskin, Daly, Maxwell

011216 [Long-term Power Contract with Calpine Energy]
Supervisors Peskin, Daly
Hearing to examine the long-term contract entered into by the City and County of San Francisco and Calpine Energy on May 7, 2001.
6/25/01, RECEIVED AND ASSIGNED to Audit, Labor and Government Efficiency Committee.
10/9/01, CONTINUED. Continued to October 23, 2001.
10/23/01, CONTINUED. Continued to November 13, 2001.
11/13/01, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Supervisor Peskin; Ed Smelloff, Public Utilities Commission (PUC); Supervisor Newsom; Laurie Park, General Manager, Hetch Hetchy; Supervisor McGoldrick; Supervisor Daly.
1/28/02, TRANSFERRED to Public Works and Public Protection Committee. new committee structure, 2/1/02.
2/11/02, TRANSFERRED to Finance Committee.
Heard in Committee. Speakers: John Jenkel; John Bardis.
Continued to 3/6/02.
CONTINUED by the following vote:
Ayes: 3 - Peskin, Daly, Maxwell

011585 **[Minimum Compensation Requirements]**

Supervisor Gonzalez

Hearing to consider extending minimum compensation requirements and health benefit requirements to businesses not currently included in the City's Minimum Compensation Ordinance and Healthcare Accountability Ordinance.

8/27/01, RECEIVED AND ASSIGNED to Audit, Labor and Government Efficiency Committee.

1/28/02, TRANSFERRED to Finance Committee. new committee structure, 2/1/02.

Heard in Committee. Speakers: Supervisor Gonzalez; Dr. Rajiv Bhatia, Department of Public Health; Sara Flocks, University of California, Center for Labor Research and Education; Brian Murphy, San Francisco Urban Institute; Michael Reich, University of California at Berkeley; Sheila Norman, Co-Chair, San Francisco Childcare Providers; Resheda Sancier, Homeless; Barry Hermanson; Riva Enteen, People's Budget Cooperative; Renee Saucedo, Director, San Francisco Day Laborers Program; Edwardo Paloma (works for San Francisco Day Laborers Program); Mr. Paron, Coleman Advocates for Children and Youth; Ms. Bruno; Leon Chow, Co-Chair, Chinese Progressive Association; Mark Gruberg, United Taxicab Workers; Jack Hershman; Sarah Murphy.

FILED by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

020051 **[Amending Article 2.4 of the Public Works Code and Sections 10-100.230 and 11.9 of the Administrative Code Concerning Excavation in the Public Right-of-Way; Proposed Increases in Certain Fees]**

Supervisors Peskin, Maxwell

Ordinance amending Sections 2.4.2, 2.4.4, 2.4.10, 2.4.20.1, 2.4.20.2, 2.4.20.3, 4.23, 2.4.40, 2.4.41, 2.4.42, 2.4.45, 2.4.46, 2.4.50, 2.4.53, 2.4.55, 2.4.70, 2.4.80, 2.4.81, 2.4.83, and 2.4.85 of Article 2.4 of the Public Works Code, adding Sections 2.4.20.4 to Article 2.4 of the Public Works Code, and amending Sections 10.100-230 and 11.9 of the Administrative Code to modify and adopt new definitions; modify and adopt new procedures for permit application submission, permit conditions, permit modifications, and restoration of the public right-of-way; modify fees for administration of permit applications and inspection of excavations; provide for a report to the Board of Supervisors about such fees; create a process for inspection fee refunds; authorize specified City officials to enforce violations of Article 2.4; increase the maximum assessment for administrative penalties and modify procedures for assessing penalties; establish a utility conditions permit fee; and make technical conforming amendments. (Public Works Department)

(Companion measure to Files 020133, 020134.)

1/9/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cynthia Chono, Manager, Street Construction Coordination Center, Department of Public Works; Douglas Legg, Finance and Budget Division, Department of Public Works.
Supervisors Peskin and Maxwell added as co-sponsors.
Continued to 3/13/02.

CONTINUED by the following vote:

Ayes: 2 - Peskin, Daly
Absent: 1 - Maxwell

020133 **[Funding to improve services of the Street Construction Coordination Center]**

Supervisors Peskin, Maxwell

Ordinance appropriating $66,255 from Excavation Fees to increase services of the Street Construction Coordination Center for the Public Works Department for fiscal year 2001-02. (Public Works Department)

(Companion measure to Files 20051 and 020134.)

1/30/02, RECEIVED AND ASSIGNED to Finance Committee. Department requests that Files 020051, 020133, and 020134 be scheduled for consideration on the same date.

2/1/02, SUBSTITUTED. Substituted by Department of Public Works 2/1/02, bearing new title.

2/1/02, ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cynthia Chono, Manager, Street Construction Coordination Center, Department of Public Works; Douglas Legg, Finance and Budget Division, Department of Public Works.
Supervisors Peskin and Maxwell added as co-sponsors.
Continued to 3/13/02.

CONTINUED by the following vote:

Ayes: 2 - Peskin, Daly
Absent: 1 - Maxwell

020134 **[Public Employment]**

Ordinance amending Ordinance No. 171-01 (Annual Salary Ordinance 2001/02) reflecting the creation of four positions at the Department of Public Works. (Human Resources Department)

(Fiscal impact.)

2/4/02, SUBSTITUTED. Substituted by Department of Human Resources 2/4/02, bearing new title.

2/4/02, RECEIVED AND ASSIGNED to Finance Committee. Department requests that Files 020051, 020133, and 020134 be scheduled for consideration on the same date.

2/4/02, ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cynthia Chono, Manager, Street Construction Coordination Center, Department of Public Works; Douglas Legg, Finance and Budget Division, Department of Public Works.
Continued to 3/13/02.

CONTINUED by the following vote:

Ayes: 2 - Peskin, Daly
Absent: 1 - Maxwell

020059 [Reserved Funds, Human Resources Department]

Hearing to request release of reserved funds, Department of Human Resources (Fiscal Year 2001-02 Budget), in the amount of $10,173,480 to fund the remaining salary and fringe benefits for the Special Assistant positions. (Human Resources Department)

1/11/02, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the January 30, 2002 meeting.

1/23/02, CONTINUED. Heard in Committee. Speakers: Edward Harrington, Controller; Steve Kawa, Mayor's Office; Jonathan Holtzman, Mayor's Office; Geoffrey Rothman, Director, Employee Relations Division, Department of Human Resources; Carol Isen, Associate Director, Local 21; Jean Mariani.
Continued to 1/30/02.

1/30/02, AMENDED. Heard in Committee. Speakers: Jonathan Holtzman, Mayor's Office; Andrea Gourdine, Human Resources Director; David Novogrodsky, International Federation of Professional and Technical Engineers, Local 21; Harvey Rose, Budget Analyst; Todd Rydstrom, Controller's Office.
Release of reserved funds in the amount of $2,543,370 (1/5 of funds requested) approved. Consideration of remainder ($10,173,480) continued to the Call of the Chair.
Title of hearing amended by replacing "$12,716,850" with "$10,173,480."

1/30/02, CONTINUED AS AMENDED.

Heard in Committee. Speakers: Jonathan Holtzman, Mayor's Office; David Novogrosky, International Federation of Professional and Technical Engineers, Local 21; Abdalla Megahed.
Release of reserved funds in the amount of $1,271,685 (two weeks of funds) approved. Consideration of remainder ($8,901,795) continued to 3/13/02. Title of hearing amended by replacing "$10,173,480" with "$8,901,795."

AMENDED.

Hearing to request release of reserved funds, Department of Human Resources (Fiscal Year 2001-02 Budget), in the amount of $8,901,795 to fund the remaining salary and fringe benefits for the Special Assistant positions. (Human Resources Department)

CONTINUED AS AMENDED by the following vote:
Ayes: 3 - Peskin, Daly, Maxwell

020125 [Reserved Funds, Treasure Island Project]

Hearing to consider release of reserved funds, Treasure Island Project (fiscal year 2001-2002 budget), in the amount of $270,860 for salaries and fringe benefits consistent with other City Departments/Special Assistants included in the Citywide Management Classification/Compensation Plan (MCCP). (Mayor)

1/22/02, RECEIVED AND ASSIGNED to Finance Committee.

2/6/02, AMENDED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Annemarie Conroy, Executive Director, Treasure Island Development Authority.
Release of reserved funds in the amount of $67,715 approved. (1/5 of funds requested) approved. Consideration of remainder ($270,860) continued to the Call of the Chair.
Title of hearing amended by replacing "$338,575" with "$270,860."

2/6/02, CONTINUED AS AMENDED.

Heard in Committee. Speakers: Jonathan Holtzman, Mayor's Office; David Novogrosky, International Federation of Professional and Technical Engineers, Local 21; Abdullah Nigeri.
Release of reserved funds in the amount of $33,858 (two weeks of funds) approved. Consideration of remainder ($237,002) continued to 3/13/02. Title of hearing amended by replacing "$270,860" with "$237,002."

AMENDED.

Hearing to consider release of reserved funds, Treasure Island Project (fiscal year 2001-2002 budget), in the amount of $237,002 for salaries and fringe benefits consistent with other City Departments/Special Assistants included in the Citywide Management Classification/Compensation Plan (MCCP). (Mayor)

CONTINUED AS AMENDED by the following vote:
Ayes: 3 - Peskin, Daly, Maxwell

020144 [Establishing Trial Rates for City Owned Garages and Metered Parking Lots]

Resolution approving trial rates as proposed permanent parking rates, with adjustments, for the Civic Center Garage, the Ellis O'Farrell Garage, the 16th & Hoff Street Garage, the 324-8th Avenue Parking Lot (at 8th and Clement), the 330-9th Avenue Parking Lot (at 9th and Clement) and the 421-18th Avenue Parking Lot (at 18th and Geary) and the Performing Arts Garage. (Parking and Traffic Department)

2/6/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steven Lee, Parking Authority; Ronald Szeto, Parking Authority.
Continued to 3/20/02.

CONTINUED by the following vote:

Ayes: 3 - Peskin, Daly, Maxwell

020046 [Bay Area Cellular Telephone Company dba AT&T Wireless Lease]

Resolution authorizing and approving a lease of cellular transmitter space at the Fire Station 30 (inactive) at 1300 4th Street to Bay Area Cellular Telephone Company dba AT&T Wireless. (Real Estate Department)

1/9/02, RECEIVED AND ASSIGNED to Finance Committee.

1/23/02, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc McDonald, Director of Property, Real Estate Division, Department of Administrative Services.
Continued to 1/30/02.

1/30/02, RECOMMENDED... Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc McDonald, Director of Property, Real Estate Division, Administrative Services Department; Captain James Lee, Support Services, Fire Department.
(An amended lease was placed in the file of the Board by the Department.)

2/4/02, RE-REFERRED to Finance Committee. Supervisor Peskin requested this matter be severed so it could be considered separately.

Heard in Committee. Speaker: Harvey Rose, Budget Analyst.

RECOMMENDED by the following vote:

Ayes: 2 - Peskin, Daly
Absent: 1 - Maxwell

011773 [Reserved Funds, Department of Elections]

Hearing to consider release of reserved funds, Department of Elections, fiscal year 2001-02 budget, in the amount of $253,237 for the reapportionment project. (Elections Department)

10/2/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the October 17, 2001 meeting.

10/17/01, CONTINUED TO CALL OF THE CHAIR. Hearing held. Speakers: Harvey Rose, Budget Analyst; Tammy Haygood, Director of Elections; Chris Bowman, former member, Citizens Advisory Committee on Elections.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tammy Haygood, Director of Elections; Edward Harrington, Controller.
Release of reserved funds in the amount of $221,000 approved. Consideration of remainder ($32,237) continued to 3/13/02. Title of hearing amended by replacing "$253,237" with "$32,237."

AMENDED.

Hearing to consider release of reserved funds, Department of Elections, fiscal year 2001-02 budget, in the amount of $32,237 for the reapportionment project. (Elections Department)

CONTINUED AS AMENDED by the following vote:

Ayes: 2 - Peskin, Daly
Absent: 1 - Maxwell

LITIGATION

Conference with City Attorney

[Convene in Closed Session]
Motion that the Finance Committee of the Board of Supervisors convene in closed session with the City Attorney, under the provisions of Government Code Section 54956.9 (a) and Administrative Code Section 67.8 (3), for the purpose of conferring with, or receiving advice from, the City Attorney regarding proposed settlements in the lawsuits or claims listed below.

Unanimous vote to convene in closed session by the following vote:
Ayes: 2 - Peskin, Daly
Absent: 1 - Maxwell

020247 **[Settlement of Lawsuit]**
Ordinance approving settlement of the lawsuit filed by the City and County of San Francisco, acting by and through its Airport Commission, against CalStar Retail, Inc., by payment by CalStar Retail Inc. to the City in the amount of $620,000 and other terms; the lawsuit was filed on August 7, 2001, in San Mateo County Superior Court, Case No. 417869, entitled City and County of San Francisco, acting by and through its Airport Commission v. CalStar Retail, Inc. (City Attorney)
2/20/02, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be scheduled for consideration at the February 27, 2002 meeting.

RECOMMENDED.. by the following vote:
Ayes: 2 - Peskin, Daly
Absent: 1 - Maxwell

Report on Closed Session

Deputy City Attorney Ted Lakey reported that the Finance Committee has met in closed session with the City Attorney, under the provisions of Government Code Section 54956.9 (a) and Administrative Code Section 67.8 (3), for the purpose of conferring with, or receiving advice from, the City Attorney regarding settlements in the lawsuits or claims listed above.

[Elect Not to Disclose]
Motion that the Committee finds that it is in the best interest of the public that the Committee elect at this time not to disclose its closed session deliberations concerning the anticipated litigation listed above.

Unanimous vote not to disclose discussion to the public by the following vote:
Ayes: 2 - Peskin, Daly
Absent: 1 - Maxwell

ADJOURNMENT

The meeting adjourned at 4:23 p.m.